

TOWN OF ORO VALLEY, ARIZONA

# ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2022







Prepared by: Finance Department of Town of Oro Valley

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**TOWN OF ORO VALLEY, ARIZONA**  
**ANNUAL COMPREHENSIVE FINANCIAL REPORT**  
*FOR THE FISCAL YEAR ENDED JUNE 30, 2022*

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## **INTRODUCTORY SECTION**

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December 9, 2022

Honorable Mayor, Members of Town Council and  
Citizens of the Town of Oro Valley, Arizona:

State law mandates that cities publish a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States of America and audited in accordance with auditing standards generally accepted in the United States of America by a certified public accounting firm licensed in the State of Arizona. Pursuant to that requirement, we hereby issue the annual comprehensive financial report of the Town of Oro Valley, Arizona (Town) for the fiscal year ended June 30, 2022.

This report consists of management's representations concerning finances of the Town. Consequently, management assumes full responsibility for the completeness and reliability of all information presented in this report. To provide a reasonable basis for making these representations, management of the Town has established a comprehensive internal control framework designed both to protect the Town's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the Town's financial statements in conformity with accounting principles generally accepted in the United States of America. Because the cost of internal controls should not outweigh their benefits, the Town's comprehensive framework of internal controls has been designed to provide reasonable, rather than absolute, assurance that the financial statements will be free of material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The Town's financial statements have been audited by Baker Tilly, LLP, a certified public accounting firm. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Town for the fiscal year ended June 30, 2022, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditors concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the Town's financial statements for the fiscal year ended June 30, 2022, are fairly presented in conformity with accounting principles generally accepted in the United States of America. The independent auditor's report is presented as the first component of the financial section of this report.

Accounting principles generally accepted in the United States of America require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The Town of Oro Valley's MD&A can be found immediately following the report of the independent auditors.

*It's in our nature...*

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## **PROFILE OF THE TOWN**

The Town of Oro Valley was incorporated in 1974. Located in northeastern Pima County, three miles north of Tucson, it sits at an elevation of 2,620 feet. The Town currently occupies a land area of more than 36 square miles and serves an estimated population of 48,222. The population of Oro Valley has increased 62% since the 2000 population of 29,700.

Based on 2020 Census estimates, Oro Valley has a median household income of \$86,863, compared to the median household income for the state of Arizona of \$61,529. Oro Valley residents enjoy a comfortable hometown feel with a strong family orientation, excellent education system and abundant opportunities in a safe environment.

The Town of Oro Valley operates under the Council-Manager form of government. Policymaking and legislative authority is vested in the Town Council, which consists of a Mayor and six Councilmembers. Councilmembers are elected to four-year staggered terms. The citizens of Oro Valley elect the Mayor. The Council, from among its members, selects the Vice-Mayor. The Town Council is responsible, among other things, for the adoption of local ordinances, budget adoption, the development of citizen advisory committees, the hiring and removal of the Town Manager, the Police Chief, Town Attorney and Town Magistrate. The Town Manager is responsible for implementation of the policies of the Town Council. The Town Manager appoints all other department directors except those mentioned above under Town Council responsibilities.

The Town of Oro Valley provides a full range of services including police protection; the construction and maintenance of streets and related infrastructure; proper planning and economic development; the provision of water and stormwater services; public transportation services; recreational activities and cultural events.

As with all cities in the State of Arizona, the Town of Oro Valley is required to comply with Article IX, Section 20 (1) of the Arizona Constitution, which sets limits on the Town's legal budget capacity. Through FY 2022-23, the Town will operate under the Alternative Expenditure Limitation – Home Rule Option. This option allows the Town Council to establish the budgetary limits locally, rather than being restricted by the State-imposed expenditure limitation. The voters must authorize this option every four years. It was last authorized by the citizens of Oro Valley in August of 2018. In August 2020, Oro Valley voters approved a Permanent Base Adjustment for the Town. The Permanent Base Adjustment option permanently increases the Town's base limit so that when the State's expenditure limitation formula is applied, it results in a limitation that more closely matches the Town's annual budget. This permanent adjustment will save the Town the cost of Home Rule elections, and associated staff time, every four years, giving the Town permanent control over expenditures, instead of using a state-calculated formula.

The annual operating budget serves as the foundation for the Town's financial planning and control. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual operating budget approved by the Town Council. The Town's proposed operating budget is presented to the Town Council for review throughout the budget cycle starting in December and approved in June. The Town Council is required to hold a public hearing on the proposed budget and to adopt the final budget by no later than the second Monday in August. Budget amendments requiring the approval of the Town Council include the following: budget transfers between funds; transfers to fund additional personnel or increased expenditures resulting from personnel reclassifications; transfers that would reduce or eliminate funding for items designated in the adopted Capital Improvement Plan; and transfers that would reduce or eliminate funding for debt service. All other operational budget amendments that involve transfers between line items or expenditure categories require approval by the Town Manager.

## MAJOR INITIATIVES AND ACCOMPLISHMENTS FOR THE YEAR

The Council adopted Strategic Leadership Plan for fiscal years 2021-22 through 2022-23 is the culmination of an extensive four-month process involving Town Council, Town staff, and the Oro Valley community. Rooted deeply in the values and priorities of the Your Voice, Our Future 10-year General Plan, the two-year Strategic Leadership Plan provides organizational direction in seven focus areas:

- Economic Vitality
- Culture and Recreation
- Public Safety
- Roads, Water and Town Assets
- Land Use and Design
- Effective and Efficient Government
- Financial Stability and Sustainability

While the Strategic Leadership Plan guides short-term decision-making, the General Plan provides a longer term (up to 10 years) direction regarding the growth, development, and redevelopment of the community. Oro Valley is a community defined by the highest standard of environmental integrity, education, infrastructure, services, and public safety. It is a community of people working together to create the Town's future with a government that is responsive to residents and ensures the long-term financial stability of the Town. Shown below are some of the Town's accomplishments during FY 2021-22.

- Through a combination of \$10 million in cash reserves and the issuance of \$17.6 million in taxable pension obligation bonds, deposited \$27.6 million into the Public Safety Pension Retirement System to completely fund the Town's outstanding pension liability. The bonds were sold at an all-in issuance cost of 2.39%.
- Received the Certificate of Achievement for Excellence in Financial Reporting Award, Distinguished Budget Presentation Award and Popular Annual Financial Reporting Award from the Government Finance Officers Association
- Issued tax-exempt excise tax bonds to provide \$25 million in funding for various parks and recreation amenities and improvements, including Naranja Park improvements, Community Center and golf course irrigation improvements, and multi-use paths at an all-in issuance cost of 2.31%.
- Ended FY 2021-22 with a \$30.4 million fund balance in the General Fund, exceeding budget expectations by \$13.2 million
- Revised and updated comprehensive Town Financial and Budgetary Policies
- Recorded the second tranche of the Town's \$15.4 million federal American Rescue Plan Act funding
- Finalizing the details of an incentive Agreement with Leonardo Electronics US Inc. to build a new state-of-the-art semiconductor laser manufacturing facility in Oro Valley's Innovation Park. This effort would bring new jobs to the Town and lead to millions of dollars in capital investment and economic impact.

## ECONOMIC CONDITIONS AND OUTLOOK

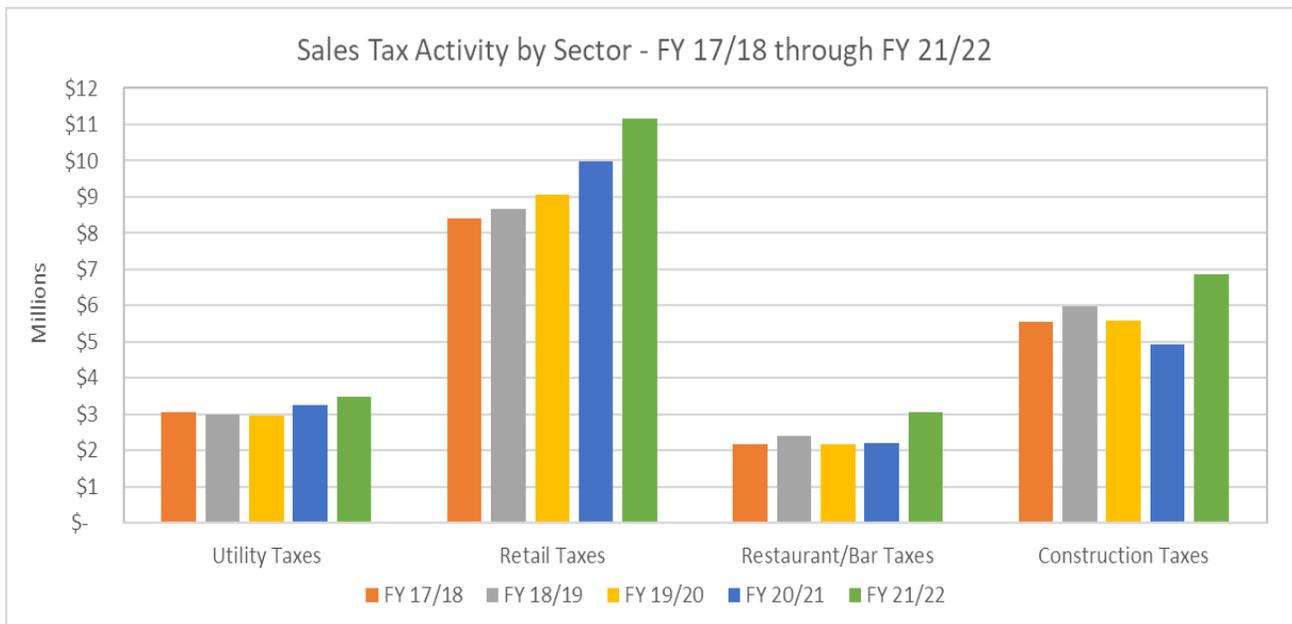
The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the Town operates.

Healthy economic growth continued through FY 2021-22. Recovery from the COVID-19 pandemic, strong construction activity, and inflation resulted in a 27% year-over-year increase in local sales tax collections. The Town continues to provide services and programs without a property tax to fund operations and, therefore, is dependent upon local sales tax and state shared revenues as major sources of revenue for its operating and capital expenditures. These sources accounted for approximately 76% of total General Fund revenue for FY 2021-22.

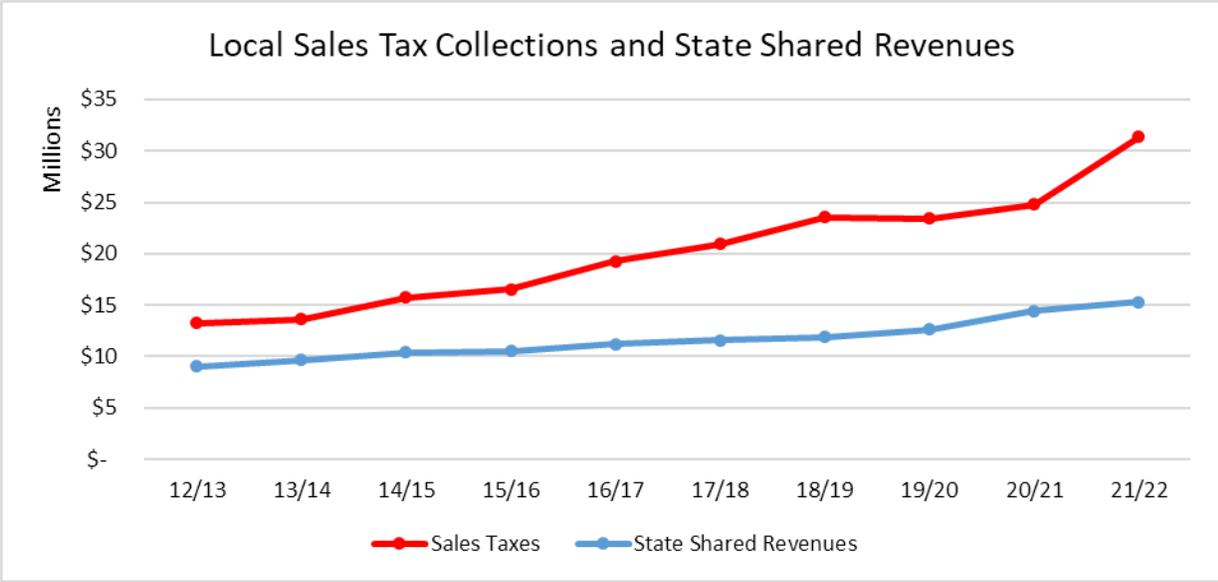
Total local sales tax collections totaled \$30.6 million for FY 21-22, which represents a \$6.5 million increase over the last fiscal year. This increase was far greater than anticipated and a nice surprise. Major local sales tax categories experiencing year-over-year increases or changes compared to amounts collected in FY 2020-21 are as discussed below:

- Retail tax collections totaled \$11.2 million for FY 21-22, up 11.9%, or nearly \$1.2 million over last fiscal year
- Bed tax collections totaled \$2.4 million for the fiscal year, up 129.2%, or \$1.3 million over last fiscal year
- Restaurant and bar tax collections totaled \$3.0 million for the fiscal year, up 38.6%, or \$848,000 over last fiscal year
- Construction sales tax collections totaled \$6.9 million for the fiscal year, up 39.3% or \$1.9 million from last fiscal year.

The chart below is a look at the past five years' local sales tax activity by category:



In FY 2021-22, the Town received \$15.3 million for state shared revenues in the General Fund, up 6.1%, or \$882,000 over last fiscal year. The trend chart below depicts the performance of both of these revenue categories since FY 2012-13:

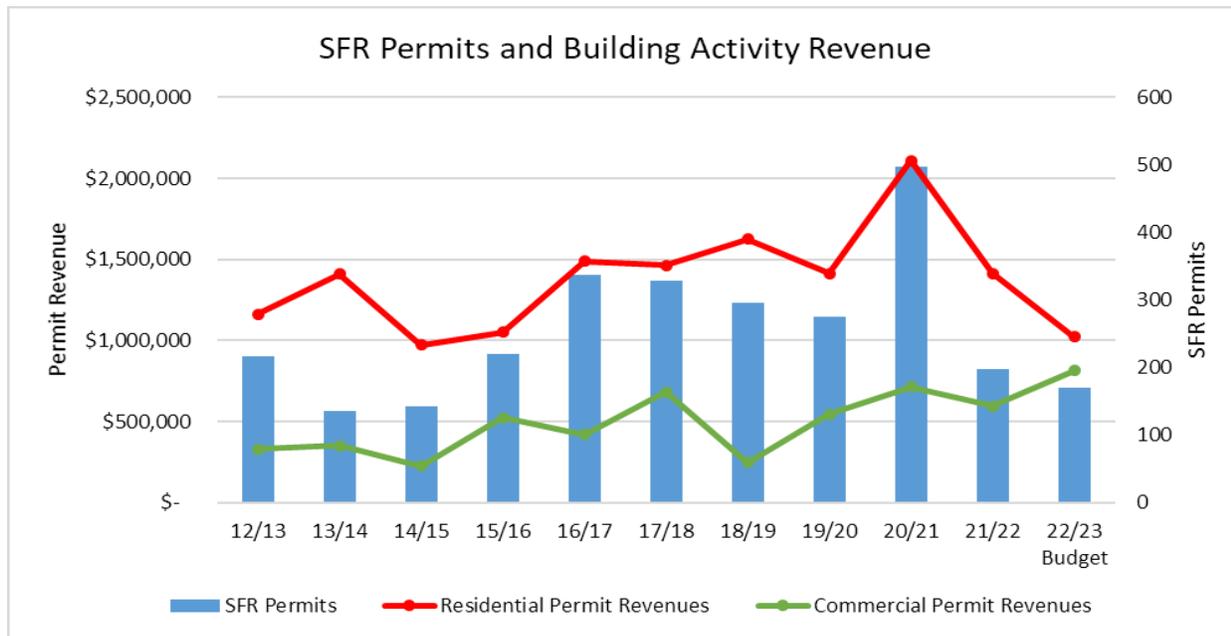


Critical to success in this area is the preparation of realistic growth assumptions that help guide Town revenue projections. Despite inflation, interest rate hikes and potential recession, there continues to be healthy economic growth in Oro Valley, the Tucson metropolitan region and State-wide. Arizona continues to do well in national economic rankings and remains the fourth-fastest growing state in population growth. Last year, personal income growth in Arizona was the highest in the nation. With Oro Valley’s proximity to the Tucson metro region, it is likely that the Town’s local economy will continue to benefit with increased housing sales, retail and tourism growth, and overall personal income growth.

Future population and economic growth of the Town depends largely on continued available land for development; therefore, strategic annexation efforts and discussions are ongoing as a means to address the potential for future buildout within existing town boundaries. While strong state population growth continues to increase shared revenues, legislative changes made at the state level have a far greater potential for impacts to this major revenue source for the Town. Statutory income tax rate reductions and a cap of 2.5% will limit growth in shared income tax revenues to about 2% per year.

In the near term, projected commercial and residential development should be steady over the next two to three-year period. Residential activity has returned to a more normal historical pattern, after a 15-plus year high in FY 2020-21. In FY 2021-22, the Town estimated that 275 single family residential (SFR) building permits would be issued; a total of 198 were issued by year-end. Despite this variance, revenues exceeded budget due to higher construction valuations and greater residential improvement activity. The FY 2022-23 budget assumes 171 SFRs will be issued during the year.

The below chart depicts the local trends in single family residential (SFR) building permits issued and annual permit revenues from both residential and commercial construction activity from FY 2012-13 through FY 2022-23 budget projections.



**Future Focus**

During FY 2022-23, the Town will continue to identify and quantify both one-time revenues derived from construction activity and recurring revenues derived from such areas as local sales taxes and state-shared sources. The Town continues to dedicate one-time revenues to funding one-time expenditures in the budget, specifically for capital improvement projects, while ensuring sufficient recurring revenues exist to fund recurring expenditures. With the current growth and activity expectations in future years, it will be important to continue to analyze the budget in this manner to avoid future reliance on one-time revenues to fund recurring costs.

For FY 2022-23, the Town will focus its efforts on supporting elements of the Town Council adopted Strategic Leadership Plan all while navigating any potential economic slowdown that may occur.

These strategies will be fulfilled in a number of ways as highlighted below:

- The FY 2022-23 budget includes \$25 million in bond proceeds approved by the Town Council in September 2021 for investments in Naranja Park, Community Center improvements and multi-use paths. Because the bond issuance has a dedicated funding source via the Town’s half-cent sales tax in its Community Center Fund, there is no impact to the Town General Fund.
- The FY 2022-23 budget includes \$1,850,000 for the Pavement Preservation Program in the Highway Fund, which maintains the current condition of Town streets.
- The FY 2022-23 budget includes nearly \$4.8 million in capital improvements for the Town’s water system, continuing to ensure a safe, reliable and sustainable water supply to meet community needs.

The Town also continues to maintain strong investment grade ratings on its outstanding excise tax bonds, rated “AA+” by Standard and Poor’s. This is largely achieved by the Council’s goal of continuing to diversify the Town’s revenue base and maintaining strong fund balance reserves in the General Fund, currently at \$30.4 million, or 63% of FY 22-23 adopted expenditures of \$48.1 million. This is well above the Council-adopted policy threshold of 25% of expenditures.

## **AWARDS AND ACKNOWLEDGMENTS**

**Award.** The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town of Oro Valley for its annual comprehensive financial report for the year ended June 30, 2022. This was the twenty-eighth consecutive year that the Town has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized annual comprehensive financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current annual comprehensive financial report continues to meet the Certificate of Achievement Program’s requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

**Acknowledgments.** The preparation of this Annual Comprehensive Financial Report could not have been accomplished without the efficient and dedicated services of the entire staff of the Finance Department who assisted in and contributed to its preparation. We thank the Mayor and members of the Town Council for their interest and support in planning and conducting the financial affairs of the Town in a responsible and progressive manner.

Respectfully submitted,



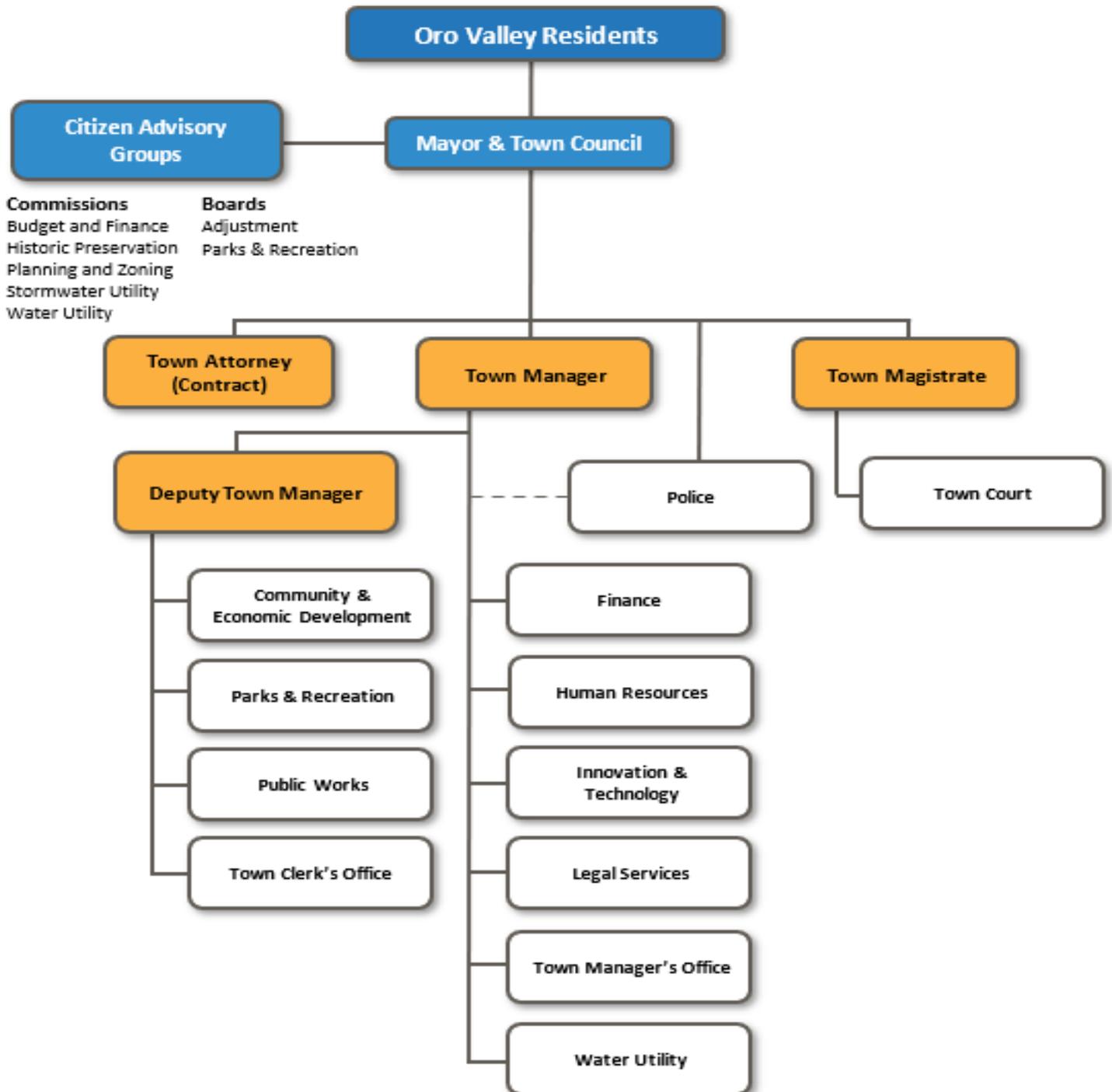
Chris Cornelison  
Interim Town Manager



David Gephart  
Chief Financial Officer



# Organizational Chart



**TOWN OF ORO VALLEY, ARIZONA**  
**LIST OF TOWN OFFICIALS**

ELECTED OFFICIALS

Mayor	Mr. Joe Winfield
Vice-Mayor	Ms. Melanie Barrett
Council Member	Mr. Timothy Bohem
Council Member	Mr. Harry Greene
Council Member	Ms. Joyce Jones-Ivey
Council Member	Mr. Josh Nicolson
Council Member	Mr. Steve Solomon

TOWN MANAGEMENT

Interim Town Manager	Chris Cornelison
Deputy Town Manager	Chris Cornelison
Chief Financial Officer	David Gephart
Human Resources Director	Andrew Votava
Town Clerk	Michael Standish
Magistrate	James Hazel
Legal Services Director	Tobin Sidles
Water Utility Director	Peter Abraham
Chief of Police	Kara Riley
Public Works Director/Town Engineer	Paul Keesler
Community and Economic Development Director	Paul Melcher
Parks and Recreation Director	Kristy Diaz-Trahan
Chief Information Officer	Chuck Boyer



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**Town of Oro Valley  
Arizona**

For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

June 30, 2021

*Christopher P. Morill*

Executive Director/CEO

## **FINANCIAL SECTION**



## INDEPENDENT AUDITORS' REPORT

The Honorable Mayor and Town Council  
Town of Oro Valley, Arizona  
Oro Valley, Arizona

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Oro Valley, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Town of Oro Valley's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Oro Valley, as of June 30, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town of Oro Valley and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### ***Emphasis of Matter***

##### *Change in Accounting Principle*

As discussed in Note 1 to the financial statements, for the year ended June 30, 2022, the Town adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 87, *Leases*. Our opinion is not modified with respect to this matter.

## ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of Oro Valley's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

## ***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town of Oro Valley's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of Oro Valley's ability to continue as a going concern for a reasonable period of time.

## ***Auditors' Responsibilities for the Audit of the Financial Statements (Continued)***

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and the post-employment benefit schedules as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Oro Valley's basic financial statements. The introductory section, the combining and individual fund financial statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

### **Other Matters**

#### *Compliance over the use of Highway User Revenue Fund and other dedicated State transportation revenue monies*

In connection with our audit, nothing came to our attention that caused us to believe that the Town of Oro Valley failed to comply with the authorized transportation purposes, insofar as they relate to accounting matters, for Highway User Revenue Fund monies it received pursuant to Arizona Revised Statutes Title 28, Chapter 18, Article 2, and any other dedicated State transportation revenues it received. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the Town of Oro Valley's noncompliance with the authorized transportation purposes referred to above, insofar as they relate to accounting matters.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated December 9, 2022 on our consideration of the Town of Oro Valley's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town of Oro Valley's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Oro Valley's internal control over financial reporting and compliance.

*Baker Tilly US, LLP*

Tempe, Arizona  
December 9, 2022

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**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**  
**(Required Supplementary Information)**

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**TOWN OF ORO VALLEY, ARIZONA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**  
**YEAR ENDED JUNE 30, 2022**

As management of the Town of Oro Valley, Arizona (Town), we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2022. The management's discussion and analysis is presented as required supplementary information to supplement the basic financial statements. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found in the introductory section of this report.

**FINANCIAL HIGHLIGHTS**

The financial statements which follow the Management's Discussion and Analysis, provide key financial highlights for 2021-22 as follows.

- The Town's total net position of governmental activities increased \$12.0 million to \$202.1 million and business-type activities increased \$3.3 million to \$115.1 million, representing 64 percent and 36 percent respectively, of the total net position of \$317.2 million.
- General revenues from governmental activities accounted for \$45.4 million in revenue, or 64 percent of all current fiscal year governmental activities revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$25.8 million or 36 percent of total current fiscal year governmental activities revenues. The Town had \$21.5 million of program revenues and (\$846,029) in general revenues related to business-type activities.
- The Town had \$59.0 million in expenses related to governmental activities, a decrease of 1.9 percent from the prior fiscal year. The Town had \$17.5 million in expenses related to business-type activities, a decrease of 0.1 percent from the prior fiscal year.
- Among major funds, the General Fund had \$55.5 million in revenues, which primarily consisted of sales taxes and intergovernmental revenues. The total expenditures of the General Fund were \$51.3 million. The General Fund's fund balance decreased from \$32.4 million to \$30.4 million.
- The Community Center Fund had \$9.5 million in revenues, which consisted primarily of charges for services and sales taxes. The total expenditures of the Community Center Fund were \$6.0 million.
- The General Government CIP Fund had \$1.1 million in revenues consisting primarily of charges for services and other revenues. The total expenditures of the General Government CIP Fund were \$10.2 million.
- The Municipal Debt Service Fund had \$136,290 in revenues consisting primarily of intergovernmental and other revenues. The total expenditures of the Municipal Debt Service Fund were \$19.5 million.
- The Water Fund operating revenues of \$18.3 million exceeded operating expenses of \$15.6 million.

**TOWN OF ORO VALLEY, ARIZONA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**  
**YEAR ENDED JUNE 30, 2022**

**OVERVIEW OF FINANCIAL STATEMENTS**

This discussion and analysis are intended to serve as an introduction to the Town's basic financial statements. The Town's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-wide financial statements.** The government-wide financial statements are designed to provide readers with a broad overview of the Town's finances, in a manner similar to a private-sector business. The accrual basis of accounting is used for the government-wide financial statements.

The statement of net position presents information on all Town assets liabilities, and deferred inflows/outflows of resources with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

The statement of activities presents information showing how the Town's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused compensated absences).

In the government-wide financial statements the Town's activities are presented in the following categories:

- **Governmental activities** – Most of the Town's basic services are included here, such as general government, public safety, highways and streets, transit, and culture and recreation. Sales taxes, intergovernmental, and charges for services finance most of these activities.
- **Business-type activities** – The services provided by the Town included here are water and stormwater utilities. The services are primarily financed through user fees and charges.

**Fund Financial Statements.** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town can be divided into two categories: governmental funds and proprietary funds.

**Governmental funds.** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements use the modified accrual basis of accounting and focus on near-term inflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the Town's near-term financing requirements.

**TOWN OF ORO VALLEY, ARIZONA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**  
**YEAR ENDED JUNE 30, 2022**

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the Town's near-term financing decision. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General, Community Center, General Government CIP, and Municipal Debt Service Funds, all of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements and schedules.

**Proprietary funds.** The Town maintains two types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Town uses enterprise funds to account for its Oro Valley Water Utility and Stormwater Drainage Utility. The Town uses an internal service fund to finance its self-insured employee health benefits. Because these services predominately benefit governmental rather than business-type functions, the internal service fund has been included within governmental activities in the government-wide financial statements.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found immediately following the basic financial statements.

**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Town's budget process, and pension plans. The Town adopts an annual expenditure budget for all governmental funds. A schedule of revenues, expenditures and changes in fund balances – budget and actual has been provided for the General Fund and the major Special Revenue Fund as required supplementary information. Schedules for the pension plans have been provided as required supplementary information.

## **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

Net position may serve over time as a useful indicator of a government's financial position. In the case of the Town, assets and deferred outflows exceeded liabilities and deferred inflows by \$317.2 million as of the current fiscal year end.

The largest portion of the Town's net position reflects its investment in capital assets (e.g., land, water rights, buildings and improvements, improvements other than buildings, infrastructure, vehicles, machinery and equipment and construction in progress), less any related outstanding debt used to acquire those assets.

**TOWN OF ORO VALLEY, ARIZONA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**  
**YEAR ENDED JUNE 30, 2022**

The Town uses these capital assets to provide services to its citizens; consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related outstanding debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. In addition, a portion of the Town's net position represents resources that are subject to external restrictions on how they may be used. The remaining balance is unrestricted and may be used to meet the Town's ongoing obligations to its citizens and creditors.

The following table presents a summary of the Town's net position for the fiscal years ended June 30, 2022 and June 30, 2021.

	<i>Governmental Activities</i>		<i>Business-type Activities</i>		<i>2022 Total</i>	<i>2021 Total</i>
	<i>2022</i>	<i>2021</i>	<i>2022</i>	<i>2021</i>		
Current and other assets	\$ 79,733,831	\$ 55,130,944	\$ 34,584,422	\$ 36,037,009	\$ 114,318,253	\$ 91,167,953
Capital assets, net	195,997,562	192,584,832	110,547,409	110,774,759	306,544,971	303,359,591
Total assets	<u>275,731,393</u>	<u>247,715,776</u>	<u>145,131,831</u>	<u>146,811,768</u>	<u>420,863,224</u>	<u>394,527,544</u>
Deferred outflows of resources	<u>35,405,005</u>	<u>11,141,057</u>	<u>1,141,654</u>	<u>1,416,116</u>	<u>36,546,659</u>	<u>12,557,173</u>
Current and other liabilities	15,349,588	12,654,541	8,294,584	8,391,565	23,644,172	21,046,106
Long-term liabilities	82,233,359	55,338,843	21,742,999	27,931,751	103,976,358	83,270,594
Total liabilities	<u>97,582,947</u>	<u>67,993,384</u>	<u>30,037,583</u>	<u>36,323,316</u>	<u>127,620,530</u>	<u>104,316,700</u>
Deferred inflows of resources	<u>11,477,494</u>	<u>780,614</u>	<u>1,156,127</u>	<u>133,487</u>	<u>12,633,621</u>	<u>914,101</u>
Net position						
Net investment in capital assets	179,219,389	184,355,212	87,969,917	84,049,866	267,189,306	268,405,078
Restricted	21,752,087	5,392,323	-	-	21,752,087	5,392,323
Unrestricted	1,104,482	335,300	27,109,858	27,721,215	28,214,340	28,056,515
Total net position	<u>\$ 202,075,958</u>	<u>\$ 190,082,835</u>	<u>\$ 115,079,775</u>	<u>\$ 111,771,081</u>	<u>\$ 317,155,733</u>	<u>\$ 301,853,916</u>

At the end of the current fiscal year the Town reported positive balances in all categories of net position.

The Town's financial position is the product of several financial transactions including the net results of activities, the acquisition and payment of debt, the acquisition and disposal of capital assets, and the depreciation of capital assets. The following are significant current year transactions that have had an impact on the Statement of Net position.

- The addition of \$24.6 million in current assets for governmental activities, largely attributable to \$21.1 million in parks and recreation bonds issued in November 2021.
- The addition of \$10.3 million and \$3.9 million for governmental activities and business-type activities, respectively, in accumulated depreciation due to depreciation expense.
- The addition of \$12.8 million and \$3.6 million for governmental activities and business-type activities, respectively, in capital assets related to buildings and improvements, infrastructure, and water systems.

**TOWN OF ORO VALLEY, ARIZONA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**  
**YEAR ENDED JUNE 30, 2022**

**Changes in net position.** The Town's total revenues for the current fiscal year were \$91.8 million. The total cost of all programs and services was \$76.5 million. The following table presents a summary of the changes in net position for the fiscal years ended June 30, 2022 and June 30, 2021.

	<i>Governmental Activities</i>		<i>Business-type Activities</i>		<i>2022 Total</i>	<i>2021 Total</i>
	<i>2022</i>	<i>2021</i>	<i>2022</i>	<i>2021</i>		
<b>Revenues</b>						
Program revenues						
Charges for services	\$ 13,273,440	\$ 12,621,972	\$ 19,828,827	\$ 19,671,438	\$ 33,102,267	\$ 32,293,410
Operating grants and contributions	4,040,118	8,171,190	-	-	4,040,118	8,171,190
Capital grants and contributions	8,493,664	25,566,365	1,612,125	7,603,672	10,105,789	33,170,037
General revenues						
Sales taxes	30,583,921	24,056,793	-	-	30,583,921	24,056,793
Franchise taxes	756,388	722,700	-	-	756,388	722,700
Unrestricted state shared revenues	15,081,806	14,435,336	-	-	15,081,806	14,435,336
Miscellaneous	150,100	-	15,404	13,255	165,504	13,255
Investment earnings						
Interest	287,841	558,400	142,001	400,225	429,842	958,625
Net decrease in fair value	(1,469,001)	(421,611)	(1,003,434)	(400,166)	(2,472,435)	(821,777)
Total revenues	<u>71,198,277</u>	<u>85,711,145</u>	<u>20,594,923</u>	<u>27,288,424</u>	<u>91,793,200</u>	<u>112,999,569</u>
<b>Expenses</b>						
General government	28,083,397	19,633,975	-	-	28,083,397	19,633,975
Public safety	8,232,307	18,291,873	-	-	8,232,307	18,291,873
Highways and streets	10,234,099	11,629,477	-	-	10,234,099	11,629,477
Transit	1,267,596	939,341	-	-	1,267,596	939,341
Culture and recreation	10,059,071	9,396,975	-	-	10,059,071	9,396,975
Interest on long-term debt	1,149,019	290,251	-	-	1,149,019	290,251
Water	-	-	16,202,611	16,157,523	16,202,611	16,157,523
Stormwater	-	-	1,282,283	1,368,001	1,282,283	1,368,001
Total expenses	<u>59,025,489</u>	<u>60,181,892</u>	<u>17,484,894</u>	<u>17,525,524</u>	<u>76,510,383</u>	<u>77,707,416</u>
Excess/(Deficiency) before transfers	12,172,788	25,529,253	3,110,029	9,762,900	15,282,817	35,292,153
Transfers	<u>(198,665)</u>	<u>2,522</u>	<u>198,665</u>	<u>(2,522)</u>	<u>-</u>	<u>-</u>
Change in net position	11,974,123	25,531,775	3,308,694	9,760,378	15,282,817	35,292,153
Beginning net position, as restated	<u>190,101,835</u>	<u>164,551,060</u>	<u>111,771,081</u>	<u>102,010,703</u>	<u>301,872,916</u>	<u>266,561,763</u>
Ending net position	<u>\$ 202,075,958</u>	<u>\$ 190,082,835</u>	<u>\$ 115,079,775</u>	<u>\$ 111,771,081</u>	<u>\$ 317,155,733</u>	<u>\$ 301,853,916</u>

**TOWN OF ORO VALLEY, ARIZONA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**  
**YEAR ENDED JUNE 30, 2022**

The following are significant current year transactions that have had an impact on the change in net position.

- Total expenses decreased \$1.2 million, or 1.5 percent, primarily due to a reduction in the Town's pension expenses.
- Total revenues decreased \$21.2 million, or 18.8 percent, primarily due to the prior year recording a property donation and a decrease in federal stimulus funding.

**Governmental and Business-type activities.** The following table presents the cost of the Town's major functional activities. The table also shows each function's net cost (total cost less charges for services generated by the activities and intergovernmental aid provided for specific programs). The net cost shows the financial burden that was placed on the Town's taxpayers by each of these functions.

	<u>June 30, 2022</u>		<u>June 30, 2021</u>	
	<u>Total Expenses</u>	<u>Net (Expense) Revenue</u>	<u>Total Expenses</u>	<u>Net (Expense) Revenue</u>
<b><i>Governmental Activities</i></b>				
General government	\$ 28,083,397	\$ (16,548,493)	\$ 19,633,975	\$ 8,873,260
Public safety	8,232,307	(6,958,363)	18,291,873	(12,197,235)
Highways and streets	10,234,099	(5,794,545)	11,629,477	(5,116,531)
Transit	1,267,596	251,250	939,341	(938,878)
Culture and recreation	10,059,071	(3,019,096)	9,396,975	(4,152,731)
Interest on long-term debt	1,149,019	(1,149,019)	290,251	(290,251)
<i>Total</i>	<u>\$ 59,025,489</u>	<u>\$ (33,218,267)</u>	<u>\$ 60,181,892</u>	<u>\$ (13,822,366)</u>
<b><i>Business-type Activities</i></b>				
Water	\$ 16,202,611	\$ 3,726,053	\$ 16,157,523	\$ 9,493,072
Stormwater drainage	1,282,283	230,005	1,368,001	256,514
<i>Total</i>	<u>\$ 17,484,894</u>	<u>\$ 3,956,058</u>	<u>\$ 17,525,524</u>	<u>\$ 9,749,586</u>

- The cost of all governmental activities this year was \$59.0 million. The decrease of \$1.2 million from the prior year was due primarily to a reduction in pension expenses for the year stemming from historic returns in the pension investment portfolios.
- The cost of all business-type activities this year was \$17.5 million. The decrease of \$24,246 from the prior year was primarily due to a decrease in operating costs in the water utility.
- Federal and State government grants, developer contributions, and charges for services subsidized certain governmental programs and business-type programs with revenues of \$47.2 million.
- Net cost of governmental activities of \$33.2 million was financed by general revenues, which are made up of primarily sales taxes and state shared revenues of \$45.7 million.

**TOWN OF ORO VALLEY, ARIZONA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**  
**YEAR ENDED JUNE 30, 2022**

**FINANCIAL ANALYSIS OF THE TOWN'S FUNDS**

As noted earlier, the Town uses fund accounting to ensure and demonstrate compliance with finance- related legal requirements.

**Governmental funds.** The focus of the Town's governmental funds is to provide information on near- term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Town's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the Town's net resources available for spending at the end of the fiscal year.

The financial performance of the Town as a whole is reflected in its governmental funds. As the Town completed the year, its governmental funds reported a combined fund balance of \$65.5 million, an increase of \$22.5 million. This was primarily due to a \$21.1 million parks and recreation revenue bond issuance.

The General Fund comprises 46.4 percent of the total governmental fund balance. Approximately \$16.3 million, or 53.6 percent of the General's Fund ending fund balance is unassigned. The General Fund is the principal operating fund of the Town. The decrease in fund balance of \$2.0 million to \$30.4 million as of fiscal year end was primarily a result of a one-time \$10.0 million payment from reserves to fund the Town PSPRS pension liability. As a whole, General Fund revenues increased approximately \$1.9 million. General Fund expenditures increased \$11.7 million, primarily due to planned capital outlay for needed building renovations, as well as a \$10.0 million payment to PSPRS.

The Community Center Fund's ending fund balance increased from \$2,676,793 to \$5,860,458, due to increased sales tax collections and contracted operating revenues, as well as a delay in budgeted capital spending.

The General Government CIP Fund's ending fund balance increased from \$2.5 million to \$24.0 million due to a \$21.1 million parks and recreation bond issuance.

The Municipal Debt Service Fund's ending fund balance decreased from \$165,436 to \$164,136 due to total outflows slightly exceeding to inflows of resources.

**Proprietary funds.** Net position of the Enterprise Funds at the end of the year amounted to \$115.1 million. This increased by \$3.3 million during the fiscal year to the extent that revenues exceeded expenses in the fund and from capital contributions of water systems.

Net position of the Internal Service Fund at the end of the year amounted to \$2.9 million. This increased by \$490,932 during the fiscal year to the extent that self-insurance premiums exceeded claim payments and administrative expenses.

**TOWN OF ORO VALLEY, ARIZONA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**  
**YEAR ENDED JUNE 30, 2022**

**BUDGETARY HIGHLIGHTS**

There were no amendments to the Town of Oro Valley's fiscal year 2021-22 operating and capital budget. A schedule showing the original and final budget amounts compared to the Town's actual financial activity for the General Fund is provided in this report as required supplementary information. The significant variances are summarized as follows:

- The favorable variance of \$6.5 million in sales tax revenue was primarily the result of inflation and conservative budgeting due to COVID-19.
- The unfavorable variance of \$1.0 million in the net decrease in fair value of investments was a result of a rising interest rate environment.
- The favorable expenditure variance of \$7.6 million was primarily the result of unutilized budgeted contingency in the fund of \$5.0 million, delays in planned capital projects, and vacancy savings from personnel.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets.** At year end, the Town had invested \$306.5 million in capital assets (net of accumulated depreciation), including buildings, facilities, vehicles, computers, equipment, and infrastructure assets. This amount represents a net increase of \$2.3 million from last year. This was primarily due to roadway infrastructure.

The following schedule presents capital asset balances for the fiscal years ended June 30, 2022 and June 30, 2021.

**TOWN OF ORO VALLEY, ARIZONA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**  
**YEAR ENDED JUNE 30, 2022**

	<i>Governmental</i>		<i>Increase/ (Decrease)</i>
	<i>Activities</i>		
	<u>2022</u>	<u>2021 (Restated)</u>	
Land and improvements	\$ 34,674,821	\$ 33,972,221	\$ 702,600
Infrastructure	242,183,497	214,156,442	28,027,055
Buildings	45,920,567	44,218,568	1,701,999
Machinery, equipment, and vehicles	20,139,411	18,616,508	1,522,903
Right of use asset	851,353	851,353	-
Construction in progress	7,135,093	26,256,480	(19,121,387)
Accumulated depreciation	(154,907,180)	(144,635,387)	(10,271,793)
<b>Net capital assets</b>	<u>\$ 195,997,562</u>	<u>\$ 193,436,185</u>	<u>\$ 2,561,377</u>

	<i>Business-type</i>		<i>Increase/ (Decrease)</i>
	<i>Activities</i>		
	<u>2022</u>	<u>2021</u>	
Land and improvements	\$ 2,410,660	\$ 2,410,660	\$ -
Water rights	8,534,490	8,534,490	-
Water system	145,877,922	143,246,169	2,631,753
Stormwater system	3,650,716	3,650,716	-
Machinery, equipment, and vehicles	6,215,124	6,017,146	197,978
Construction in progress	8,412,006	7,599,940	812,066
Accumulated depreciation	(64,553,509)	(60,684,362)	(3,869,147)
<b>Net capital assets</b>	<u>\$ 110,547,409</u>	<u>\$ 110,774,759</u>	<u>\$ (227,350)</u>

The estimated cost to complete current construction projects is \$47.1 million. Additional information on the Town's capital assets can be found in Note 6.

**Debt Administration.** At year end, the Town had \$70.0 million in long-term debt outstanding with \$7.7 million due within one year. Long-term debt increased by \$33.7 million due to \$5.4 million in maturities and redemptions, offset with \$39.1 million issued during the fiscal year. The following table presents a summary of the Town's outstanding long-term debt for the fiscal years ended June 30, 2022 and June 30, 2021.

**TOWN OF ORO VALLEY, ARIZONA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**  
**YEAR ENDED JUNE 30, 2022**

	<i>Governmental</i>		<i>Increase/ (Decrease)</i>
	<i>Activities</i>		
	<u>2022</u>	<u>2021 (Restated)</u>	
Revenue bonds	\$ 46,353,030	\$ 8,229,620	\$ 38,123,410
Leases	769,691	832,353	(62,662)
	<u>\$ 47,122,721</u>	<u>\$ 9,061,973</u>	<u>\$ 38,060,748</u>

	<i>Business-type</i>		<i>Increase/ (Decrease)</i>
	<i>Activities</i>		
	<u>2022</u>	<u>2021</u>	
Revenue bonds	\$ 20,476,968	\$ 24,528,378	\$ (4,051,410)
Loans payable	2,404,213	2,713,108	(308,895)
	<u>\$ 22,881,181</u>	<u>\$ 27,241,486</u>	<u>\$ (4,360,305)</u>

State statutes currently limit the amount of general obligation debt a Town may issue to 20 percent of its net full cash assessed valuation for water, sewer, lights, open space preserves, parks, playgrounds and recreational facilities. The current debt limitation for the Town is \$165.9 million. State statutes also currently limit the amount of general obligation debt a Town may issue to six percent of its net full cash assessed valuation for all other purposes. The current debt limitation for the Town is \$49.8 million. The Town does not have any general obligation debt.

The Town has a bond rating of “AA+” from Standard & Poor’s and “AA” from Fitch Ratings on outstanding revenue bonds.

Additional information on the Town’s long-term debt can be found in Notes 7 through 10.

**TOWN OF ORO VALLEY, ARIZONA  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
YEAR ENDED JUNE 30, 2022**

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES**

Many factors were considered by the Town's administration during the process of developing the fiscal year 2022-23 budget. Among them:

- The unemployment rate for the Town of Oro Valley is currently 3.4 percent. Pima County's and the State of Arizona's unemployment rates are 3.9 percent and 3.3 percent, respectively.
- The Town's net full cash assessed valuation for the current year is \$829,644,553.
- Single family residential (SFR) building permits issued in this fiscal year totaled 198, as compared to 498 SFR building permits issued last fiscal year. Projections for SFR building permits are 171 for fiscal year 2022-23.

The adopted combined operating and capital expenditure budget for fiscal year 2022-23 totals \$147.7 million, a decrease of \$14.3 million, or 8.8 percent over last year's budget of \$162.0 million. This decrease is primarily due to a reduction in planned capital projects and federal stimulus. The budget for fiscal year 2022-23 continues to place emphasis on achieving the goals identified in the Town's adopted Strategic Plan, which was recently updated in fiscal year 21-22 and includes the following focus areas: economic vitality, culture and recreation, public safety, roads water and Town assets, land use, effective and efficient government, and Town finances.

**CONTACTING THE TOWN'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the Town's finances and to demonstrate the Town's accountability for the resources it receives. If you have questions about this report or need additional information, contact the Finance Department, Town of Oro Valley, Arizona, 11000 North La Cañada Drive, Oro Valley, Arizona 85737.

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## **BASIC FINANCIAL STATEMENTS**

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**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

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**TOWN OF ORO VALLEY, ARIZONA**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2022**

	<i>Governmental Activities</i>	<i>Business-type Activities</i>	<i>Total</i>
<b>ASSETS</b>			
<i>Current assets:</i>			
Cash and investments	\$ 44,086,726	\$ 31,977,199	\$ 76,063,925
Cash with fiscal agent	25,000,000	-	25,000,000
Taxes receivable	3,586,515	-	3,586,515
Accounts receivable	722,599	2,479,166	3,201,765
Interest receivable	46,913	56,948	103,861
Intergovernmental receivable	3,294,889	-	3,294,889
Lease receivable	1,406,422	-	1,406,422
Inventories	89,249	-	89,249
Prepaid items	1,500,518	71,109	1,571,627
Total current assets	<u>79,733,831</u>	<u>34,584,422</u>	<u>114,318,253</u>
<i>Noncurrent assets:</i>			
Capital assets, not being depreciated/amortized	41,809,914	19,357,155	61,167,069
Capital assets, being depreciated/amortized (net)	154,187,648	91,190,254	245,377,902
Total noncurrent assets	<u>195,997,562</u>	<u>110,547,409</u>	<u>306,544,971</u>
<i>Total Assets</i>	<u>275,731,393</u>	<u>145,131,831</u>	<u>420,863,224</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred charge on refunding	-	303,689	303,689
Pension plan items	35,405,005	837,965	36,242,970
<i>Total Deferred Outflows of Resources</i>	<u>35,405,005</u>	<u>1,141,654</u>	<u>36,546,659</u>
<b>LIABILITIES</b>			
<i>Current liabilities:</i>			
Accounts payable and accrued expenses	5,458,765	1,125,145	6,583,910
Accrued wages and benefits	1,605,454	160,403	1,765,857
Intergovernmental payable	304,284	1,180,295	1,484,579
Interest payable	-	285,897	285,897
Unearned revenue	671,526	-	671,526
Claims payable	302,655	-	302,655
Customer deposits payable	446,294	698,712	1,145,006
Other accrued liabilities	1,203,256	-	1,203,256
Compensated absences	2,264,309	281,705	2,546,014
Loans payable	-	317,087	317,087
Leases payable	197,385	-	197,385
Bonds payable	2,895,660	4,245,340	7,141,000
Total current liabilities	<u>15,349,588</u>	<u>8,294,584</u>	<u>23,644,172</u>
<i>Noncurrent liabilities:</i>			
Noncurrent portion of long-term obligations	82,233,359	21,742,999	103,976,358
Total noncurrent liabilities	<u>82,233,359</u>	<u>21,742,999</u>	<u>103,976,358</u>
<i>Total Liabilities</i>	<u>97,582,947</u>	<u>30,037,583</u>	<u>127,620,530</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Leases	1,378,896	-	1,378,896
Pension plan items	10,098,598	1,156,127	11,254,725
<i>Total Deferred Inflows of Resources</i>	<u>11,477,494</u>	<u>1,156,127</u>	<u>12,633,621</u>
<b>NET POSITION</b>			
Net investment in capital assets	179,219,389	87,969,917	267,189,306
Restricted for:			
Capital projects	19,934,853	-	19,934,853
Debt service	164,136	-	164,136
Public safety	446,113	-	446,113
Highway and streets	1,206,985	-	1,206,985
Unrestricted	1,104,482	27,109,858	28,214,340
<i>Total Net Position</i>	<u>\$ 202,075,958</u>	<u>\$ 115,079,775</u>	<u>\$ 317,155,733</u>

The notes to the basic financial statements are an integral part of this statement.

**TOWN OF ORO VALLEY, ARIZONA**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED JUNE 30, 2022**

<i>Functions/Programs</i>	<i>Expenses</i>	<i>Program Revenues</i>		
		<i>Charges for Services</i>	<i>Operating Grants and Contributions</i>	<i>Capital Grants and Contributions</i>
<b>Primary Government</b>				
Governmental activities:				
General government	\$ 28,083,397	\$ 5,519,724	\$ 33,289	\$ 5,981,891
Public safety	8,232,307	341,334	757,704	174,905
Highway and streets	10,234,099	378,585	1,724,101	2,336,868
Transit	1,267,596	-	1,518,846	-
Culture and recreation	10,059,071	7,033,797	6,178	-
Interest on long-term debt	1,149,019	-	-	-
Total governmental activities	59,025,489	13,273,440	4,040,118	8,493,664
Business-type activities:				
Water	16,202,611	18,333,445	-	1,595,219
Stormwater	1,282,283	1,495,382	-	16,906
Total business-type activities	17,484,894	19,828,827	-	1,612,125
<b>Total Primary Government</b>	<b>\$ 76,510,383</b>	<b>\$ 33,102,267</b>	<b>\$ 4,040,118</b>	<b>\$ 10,105,789</b>

**General revenues:**

Taxes:

Sales taxes

Franchise taxes

Unrestricted state shared revenues

Investment income:

Interest

Net decrease in fair value of investments

Miscellaneous

**Transfers**

**Total general revenues and transfers**

**Changes in net position**

**Net position, beginning of year, as restated**

**Net position, end of year**

The notes to the basic financial statements are an integral part of this statement.

<i>Net (Expense) Revenue and Changes in Net Position</i>		
<i>Governmental Activities</i>	<i>Business-type Activities</i>	<i>Totals</i>
\$ (16,548,493)	\$ -	\$ (16,548,493)
(6,958,363)	-	(6,958,363)
(5,794,545)	-	(5,794,545)
251,250	-	251,250
(3,019,096)	-	(3,019,096)
(1,149,019)	-	(1,149,019)
<u>(33,218,267)</u>	<u>-</u>	<u>(33,218,267)</u>
-	3,726,053	3,726,053
-	230,005	230,005
<u>-</u>	<u>3,956,058</u>	<u>3,956,058</u>
\$ (33,218,267)	\$ 3,956,058	\$ (29,262,209)
30,583,921	-	30,583,921
756,388	-	756,388
15,081,806	-	15,081,806
287,841	142,001	429,842
(1,469,001)	(1,003,434)	(2,472,435)
150,100	15,404	165,504
(198,665)	198,665	-
<u>45,192,390</u>	<u>(647,364)</u>	<u>44,545,026</u>
11,974,123	3,308,694	15,282,817
<u>190,101,835</u>	<u>111,771,081</u>	<u>301,872,916</u>
\$ 202,075,958	\$ 115,079,775	\$ 317,155,733

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**FUND FINANCIAL STATEMENTS**

**TOWN OF ORO VALLEY, ARIZONA**  
**BALANCE SHEET – GOVERNMENTAL FUNDS**  
 JUNE 30, 2022

	<u>General</u>	<u>Community Center</u>	<u>General Government CIP</u>
<b><u>ASSETS</u></b>			
Cash and investments	\$ 27,179,827	\$ 6,259,268	\$ 2,342,482
Cash with fiscal agent	-	-	25,000,000
Taxes receivable	3,308,286	278,229	-
Accounts receivable	569,819	152,780	-
Interest receivable	18,896	476	11,945
Intergovernmental receivable	2,756,516	-	-
Lease receivable	952,529	453,893	-
Inventories	-	89,249	-
Prepaid items	1,279,770	38,016	181,682
<b>Total Assets</b>	<b>\$ 36,065,643</b>	<b>\$ 7,271,911</b>	<b>\$ 27,536,109</b>
<b><u>LIABILITIES</u></b>			
Accounts payable	\$ 1,353,501	\$ 167,242	\$ 3,583,179
Accrued payroll and related benefits	1,605,454	-	-
Intergovernmental payable	304,284	-	-
Unearned revenue	201,433	426,313	-
Customer deposits payable	446,294	-	-
Other accrued liabilities	831,244	372,012	-
<b>Total Liabilities</b>	<b>4,742,210</b>	<b>965,567</b>	<b>3,583,179</b>
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>			
Lease related	933,010	445,886	-
<b><u>FUND BALANCES</u></b>			
Nonspendable	1,279,770	127,265	181,682
Restricted	-	-	23,771,248
Committed	12,813,742	5,733,193	-
Assigned	-	-	-
Unassigned	16,296,912	-	-
<b>Total Fund Balances</b>	<b>30,390,423</b>	<b>5,860,458</b>	<b>23,952,930</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 36,065,643</b>	<b>\$ 7,271,911</b>	<b>\$ 27,536,109</b>

The notes to the basic financial statements are an integral part of this statement.

<i>Municipal Debt Service</i>	<i>Non-Major Governmental Funds</i>	<i>Total Governmental Funds</i>
\$ 164,136	\$ 4,819,658	\$ 40,765,371
-	-	25,000,000
-	-	3,586,515
-	-	722,599
-	14,911	46,228
-	538,373	3,294,889
-	-	1,406,422
-	-	89,249
-	1,050	1,500,518
<u>\$ 164,136</u>	<u>\$ 5,373,992</u>	<u>\$ 76,411,791</u>
\$ -	\$ 205,409	\$ 5,309,331
-	-	1,605,454
-	-	304,284
-	43,780	671,526
-	-	446,294
-	-	1,203,256
<u>-</u>	<u>249,189</u>	<u>9,540,145</u>
<u>-</u>	<u>-</u>	<u>1,378,896</u>
-	-	1,588,717
164,136	5,108,186	29,043,570
-	16,617	18,563,552
-	-	-
-	-	16,296,912
<u>164,136</u>	<u>5,124,803</u>	<u>65,492,750</u>
<u>\$ 164,136</u>	<u>\$ 5,373,992</u>	<u>\$ 76,411,791</u>

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**TOWN OF ORO VALLEY, ARIZONA**  
**RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS TO THE**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2022**

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<i>Governmental Fund Balances</i>		\$ 65,492,750
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation/amortization.</p>		
Capital outlay	350,904,742	
Less accumulated depreciation/amortization	<u>(154,907,180)</u>	195,997,562
<p>Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.</p>		
Deferred outflows of resources related to pensions	35,405,005	
Deferred inflows of resources related to pensions	<u>(10,098,598)</u>	25,306,407
<p>The Internal Service Fund is used by management to charge the cost of insurance to the individual funds. The assets and liabilities of the Internal Service Fund are included in the Statement of Net Position.</p>		
		2,869,951
<p>Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.</p>		
Compensated absences payable	(2,441,214)	
Revenue bonds payable	(50,463,247)	
Leases payable	(769,690)	
Net pension liability	<u>(33,916,561)</u>	<u>(87,590,712)</u>
<i>Net Position of Governmental Activities</i>		<u>\$ 202,075,958</u>

**The notes to the basic financial statements are an integral part of this statement.**

**TOWN OF ORO VALLEY, ARIZONA**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**GOVERNMENTAL FUNDS**  
**YEAR ENDED JUNE 30, 2022**

	<u>General</u>	<u>Community Center</u>	<u>General Government CIP</u>
<b>REVENUES</b>			
Sales taxes	\$ 27,048,414	\$ 3,535,507	\$ -
Franchise taxes	756,388	-	-
Development impact fees	-	-	-
Intergovernmental	22,998,492	-	263,024
Licenses, fees and permits	2,390,080	-	-
Fines, forfeitures and penalties	132,636	-	-
Charges for services	2,658,852	5,964,727	741,012
Investment income:			
Interest	195,873	28,785	9,949
Net (decrease) in fair value of investments	(950,398)	(193,826)	(67,576)
Other	269,342	160,532	147,314
<i>Total Revenues</i>	<u>55,499,679</u>	<u>9,495,725</u>	<u>1,093,723</u>
<b>EXPENDITURES</b>			
Current:			
General government	28,445,524	-	-
Public safety	17,483,890	-	-
Highway and streets	-	-	-
Transit	1,328,131	-	-
Culture and recreation	3,324,879	5,847,580	112,234
Capital outlay	622,749	139,003	9,712,790
Debt service:			
Principal retirement	46,927	15,736	-
Interest and fiscal charges	2,866	1,345	-
Bond issuance costs	-	-	366,722
<i>Total Expenditures</i>	<u>51,254,966</u>	<u>6,003,664</u>	<u>10,191,746</u>
<b>REVENUES OVER/(UNDER) EXPENDITURES</b>	4,244,713	3,492,061	(9,098,023)
<b>OTHER FINANCING SOURCES/(USES)</b>			
Issuance of revenue bonds	-	-	21,120,000
Premium on bond issuance	-	-	4,247,224
Sale of general capital assets	-	-	150,796
Insurance recoveries	-	7,262	13,695
Transfers in/(out), net	(6,262,832)	(315,658)	5,015,210
<i>Total Other Financing Sources (Uses)</i>	<u>(6,262,832)</u>	<u>(308,396)</u>	<u>30,546,925</u>
<b>NET CHANGE IN FUND BALANCES</b>	(2,018,119)	3,183,665	21,448,902
<b>FUND BALANCES, Beginning of year</b>	<u>32,408,542</u>	<u>2,676,793</u>	<u>2,504,028</u>
<b>FUND BALANCES, End of year</b>	<u>\$ 30,390,423</u>	<u>\$ 5,860,458</u>	<u>\$ 23,952,930</u>

The notes to the basic financial statements are an integral part of this statement.

<i>Municipal Debt Service</i>	<i>Non-Major Governmental Funds</i>	<i>Total Governmental Funds</i>
\$ -	\$ -	\$ 30,583,921
-	-	756,388
-	605,406	605,406
33,289	4,250,837	27,545,642
-	28,838	2,418,918
-	100,592	233,228
-	28,125	9,392,716
7,225	31,835	273,667
-	(153,035)	(1,364,835)
95,776	18,478	691,442
<u>136,290</u>	<u>4,911,076</u>	<u>71,136,493</u>
-	-	28,445,524
17,612,366	157,142	35,253,398
-	1,779,889	1,779,889
-	-	1,328,131
-	-	9,284,693
-	3,071,334	13,545,876
971,586	-	1,034,249
553,007	-	557,218
362,086	-	728,808
<u>19,499,045</u>	<u>5,008,365</u>	<u>91,957,786</u>
(19,362,755)	(97,289)	(20,821,293)
17,975,000	-	39,095,000
-	-	4,247,224
-	-	150,796
-	-	20,957
1,386,455	(21,840)	(198,665)
<u>19,361,455</u>	<u>(21,840)</u>	<u>43,315,312</u>
(1,300)	(119,129)	22,494,019
165,436	5,243,932	42,998,731
<u>\$ 164,136</u>	<u>\$ 5,124,803</u>	<u>\$ 65,492,750</u>

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**TOWN OF ORO VALLEY, ARIZONA**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCES - GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**  
**YEAR ENDED JUNE 30, 2022**

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*Net change in fund balances - total governmental funds* \$ 22,494,019

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report the portion of capital outlay for capitalized assets as expenditures.

However, in the Statement of Activities, the costs of those assets are allocated over their estimated useful lives as depreciation expense.

Expenditures for capital assets	\$ 12,821,629	
Contributed capital	702,600	
Less current year depreciation	<u>(10,941,199)</u>	2,583,030

Deferred items such as premiums related to the net cost of issuance of bonds are amortized over the life of the associated bond issue in the government-wide statements but not reported in the funds

137,007

Governmental funds report pension contributions as expenditures. However, they are reported as deferred outflows of resources in the Statement of Net Position. The change in the net pension liability, adjusted for deferred pension items, is reported as pension expense in the Statement of Activities.

28,636,662

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Loss on disposal of assets	\$ (21,653)	
Compensated absences	<u>(37,902)</u>	(59,555)

The Internal Service Fund is used by management to charge the cost of insurance to the individual funds. The changes in net position of the Internal Service Fund is reported with governmental activities in the Statement of Activities.

490,932

Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment increases long-term liabilities in the statement of net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is issued, whereas these amounts are amortized in the statement of activities.

Debt issued or incurred	\$ (39,095,000)	
Premium on bond issuance	(4,247,224)	
Lease principal retirement	62,662	
Revenue bond principal retirement	<u>971,590</u>	<u>(42,307,972)</u>

*Change in net position of governmental activities.* \$ 11,974,123

**The notes to the basic financial statements are an integral part of this statement.**

**TOWN OF ORO VALLEY, ARIZONA**  
**STATEMENT OF NET POSITION - PROPRIETARY FUNDS**  
**JUNE 30, 2022**

	<i>Enterprise Funds</i>			<i>Governmental</i>
	<i>Water</i>	<i>Non-Major Enterprise Fund</i>	<i>Total</i>	<i>Activities: Internal Service Fund</i>
<b>ASSETS</b>				
<i>Current assets:</i>				
Cash and investments	\$ 30,852,058	\$ 1,125,141	\$ 31,977,199	\$ 3,321,355
Accounts receivable	2,280,555	198,611	2,479,166	-
Interest receivable	54,384	2,564	56,948	685
Prepaid items	71,109	-	71,109	-
Total current assets	33,258,106	1,326,316	34,584,422	3,322,040
<i>Noncurrent assets:</i>				
Capital assets, non-depreciable	19,357,155	-	19,357,155	-
Capital assets, depreciable (net)	87,972,427	3,217,827	91,190,254	-
Total noncurrent assets	107,329,582	3,217,827	110,547,409	-
<i>Total Assets</i>	140,587,688	4,544,143	145,131,831	3,322,040
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred charge on refunding	303,689	-	303,689	-
Pension plan items	666,101	171,864	837,965	-
<i>Total Deferred Outflows of Resources</i>	969,790	171,864	1,141,654	-
<b>LIABILITIES</b>				
<i>Current liabilities:</i>				
Accounts payable and accrued expenses	1,120,486	4,659	1,125,145	149,434
Accrued wages and benefits	129,141	31,262	160,403	-
Intergovernmental payable	1,180,222	73	1,180,295	-
Interest payable	285,897	-	285,897	-
Claims payable	-	-	-	302,655
Customer deposits payable	698,712	-	698,712	-
Compensated absences	263,312	18,393	281,705	-
Loans payable	317,087	-	317,087	-
Bonds payable	4,245,340	-	4,245,340	-
Total current liabilities	8,240,197	54,387	8,294,584	452,089
<i>Noncurrent liabilities:</i>				
Noncurrent portion of long-term obligations	21,440,068	302,931	21,742,999	-
Total noncurrent liabilities	21,440,068	302,931	21,742,999	-
<i>Total Liabilities</i>	29,680,265	357,318	30,037,583	452,089
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Pension plan items	919,009	237,118	1,156,127	-
<b>NET POSITION</b>				
Net investment in capital assets	84,752,090	3,217,827	87,969,917	-
Unrestricted	26,206,114	903,744	27,109,858	2,869,951
<i>Total Net Position</i>	\$ 110,958,204	\$ 4,121,571	\$ 115,079,775	\$ 2,869,951

The notes to the basic financial statements are an integral part of this statement.

**TOWN OF ORO VALLEY, ARIZONA**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2022**

	<i>Enterprise Funds</i>			<i>Governmental</i>
	<i>Water</i>	<i>Non-Major Enterprise Fund</i>	<i>Total</i>	<i>Activities: Internal Service Fund</i>
<b>OPERATING REVENUES:</b>				
Charges for services	\$ 17,660,709	\$ 1,492,609	\$ 19,153,318	\$ -
Intergovernmental	-	16,906	16,906	-
Other	672,736	2,773	675,509	-
Self insurance premiums	-	-	-	3,850,670
<i>Total Operating Revenues</i>	<u>18,333,445</u>	<u>1,512,288</u>	<u>19,845,733</u>	<u>3,850,670</u>
<b>OPERATING EXPENSES:</b>				
Costs of sales and services	11,613,865	1,055,421	12,669,286	28,084
Contractual services	394,626	66,436	461,062	856,843
Depreciation and amortization	3,622,325	160,426	3,782,751	-
Claims payments	-	-	-	2,384,594
Administrative	-	-	-	225
<i>Total Operating Expenses</i>	<u>15,630,816</u>	<u>1,282,283</u>	<u>16,913,099</u>	<u>3,269,746</u>
<b>OPERATING INCOME/(LOSS)</b>	<u>2,702,629</u>	<u>230,005</u>	<u>2,932,634</u>	<u>580,924</u>
<b>NONOPERATING REVENUES (EXPENSES):</b>				
Development impact fees	1,167,086	-	1,167,086	-
Sales of assets	15,404	-	15,404	-
Investment income:				
Interest	137,404	4,597	142,001	14,174
Net decrease in fair value of investments	(967,565)	(35,869)	(1,003,434)	(104,166)
Interest expense	(571,795)	-	(571,795)	-
<i>Total Nonoperating Revenues (Expenses)</i>	<u>(219,466)</u>	<u>(31,272)</u>	<u>(250,738)</u>	<u>(89,992)</u>
<b>INCOME/(LOSS) BEFORE TRANSFERS</b>	<u>2,483,163</u>	<u>198,733</u>	<u>2,681,896</u>	<u>490,932</u>
<b>CAPITAL CONTRIBUTIONS</b>	428,133	-	428,133	-
<b>TRANSFERS IN/(OUT), NET</b>	198,665	-	198,665	-
<b>NET CHANGE IN NET POSITION</b>	<u>3,109,961</u>	<u>198,733</u>	<u>3,308,694</u>	<u>490,932</u>
<b>NET POSITION, Beginning of year</b>	<u>107,848,243</u>	<u>3,922,838</u>	<u>111,771,081</u>	<u>2,379,019</u>
<b>NET POSITION, End of year</b>	<u>\$ 110,958,204</u>	<u>\$ 4,121,571</u>	<u>\$ 115,079,775</u>	<u>\$ 2,869,951</u>

The notes to the basic financial statements are an integral part of this statement.

**TOWN OF ORO VALLEY, ARIZONA**  
**STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2022**

	<i>Enterprise Funds</i>			<i>Governmental</i>
	<i>Non-major</i>			<i>Activities</i>
	<i>Water</i>	<i>Enterprise Fund</i>	<i>Total</i>	<i>Internal Service Fund</i>
<b><u>Increase (Decrease) in Cash and Cash Equivalents</u></b>				
<i>Cash flows from operating activities:</i>				
Cash received from customers	\$ 18,388,840	\$ 1,510,837	\$ 19,899,677	\$ -
Cash received from premiums	-	-	-	3,850,670
Cash payments to suppliers for goods and services	(8,855,843)	(511,839)	(9,367,682)	(898,583)
Cash payments to employees for services	(3,406,405)	(844,527)	(4,250,932)	-
Cash payments for claims	-	-	-	(2,410,291)
<b>Net cash provided by (used for) operating activities</b>	<b>6,126,592</b>	<b>154,471</b>	<b>6,281,063</b>	<b>541,796</b>
<i>Cash flows from noncapital and related financing activities:</i>				
Interfund transfers	198,665	-	198,665	-
<b>Net cash provided by (used for) noncapital financing activities</b>	<b>198,665</b>	<b>-</b>	<b>198,665</b>	<b>-</b>
<i>Cash flows from capital and related financing activities:</i>				
Development impact fees	1,167,086	-	1,167,086	-
Acquisition of capital assets	(3,244,185)	-	(3,244,185)	-
Proceeds from sale of capital assets	15,404	-	15,404	-
Principal paid on long-term debt	(4,360,305)	-	(4,360,305)	-
Interest on long-term debt	(641,992)	-	(641,992)	-
<b>Net cash provided by (used for) capital financing activities</b>	<b>(7,063,992)</b>	<b>-</b>	<b>(7,063,992)</b>	<b>-</b>
<i>Cash flows from investing activities:</i>				
Investment income	(820,827)	(31,070)	(851,897)	(89,045)
<b>Net cash provided by (used for) investing activities</b>	<b>(820,827)</b>	<b>(31,070)</b>	<b>(851,897)</b>	<b>(89,045)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(1,559,562)</b>	<b>123,401</b>	<b>(1,436,161)</b>	<b>452,751</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>32,411,620</b>	<b>1,001,740</b>	<b>33,413,360</b>	<b>2,868,604</b>
<b>Cash and cash equivalents, end of year</b>	<b>\$ 30,852,058</b>	<b>\$ 1,125,141</b>	<b>\$ 31,977,199</b>	<b>\$ 3,321,355</b>
<b><u>Reconciliation of Operating Income (Loss) to</u></b>				
<b><u>Net Cash Provided by (Used for) Operating Activities</u></b>				
<b>Operating income (loss)</b>	<b>\$ 2,702,629</b>	<b>\$ 230,005</b>	<b>\$ 2,932,634</b>	<b>\$ 580,924</b>
<i>Adjustments to reconcile operating income (loss)</i>				
<i>to net cash provided by (used for) operating activities:</i>				
Depreciation and amortization	3,622,325	160,426	3,782,751	-
Provision for bad debt	13,814	2,570	16,384	-
<i>Change in assets and liabilities:</i>				
Accounts receivable	45,595	(4,021)	41,574	-
Prepaid items	(51,715)	648	(51,067)	920
Accounts payable	(29,374)	(201,550)	(230,924)	(14,351)
Claims payable	-	-	-	(25,697)
Accrued wages and benefits	(40,994)	382	(40,612)	-
Customer deposits payable	(4,014)	-	(4,014)	-
Pension plan items	(131,674)	(33,989)	(165,663)	-
<b>Total adjustments</b>	<b>3,423,963</b>	<b>(75,534)</b>	<b>3,348,429</b>	<b>(39,128)</b>
<b>Net cash provided by (used for) operating activities</b>	<b>\$ 6,126,592</b>	<b>\$ 154,471</b>	<b>\$ 6,281,063</b>	<b>\$ 541,796</b>
<b><u>Non-cash capital and financing activities</u></b>				
Contribution of assets from developers	\$ 428,133	\$ -	\$ 428,133	\$ -

The notes to the basic financial statements are an integral part of this statement.

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the Town of Oro Valley, Arizona (Town) have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The more significant of the Town's accounting policies are described below.

**A. Reporting Entity**

The Town is a municipal entity governed by an elected mayor and council. The financial reporting entity consists of a primary government and its component units. A component unit is a legally separate entity that must be included in the reporting entity in conformity with generally accepted accounting principles. The Town is a primary government that has a separately elected governing body, is legally separate, and is fiscally independent of other state or local governments. Furthermore, there are no component units combined with the Town for financial statement presentation purposes, and the Town is not included in any other governmental reporting entity. Consequently, the Town's financial statements include the funds of those organizational entities for which its elected governing body is financially accountable.

**B. Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) present financial information about the Town as a whole. The reported information includes all of the nonfiduciary activities of the Town. For the most part, the effect of internal activity has been removed from these statements. These statements are to distinguish between the governmental and business-type activities of the Town. Governmental activities normally are supported by sales taxes and intergovernmental revenues, and are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Sales taxes, franchise taxes, unrestricted state shared revenues, investment income and other items not included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and the major individual enterprise fund are reported as separate columns in the fund financial statements.

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

**Government-wide Financial Statements** – The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the grantor or provider have been met. As a general rule, the effect of internal activity has been eliminated from the government-wide financial statements; however, the effects of interfund services provided and used between functions are reported as expenses and program revenues at amounts approximating their external exchange value.

**Fund Financial Statements** – Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuances of general long-term debt and acquisitions under lease contracts are reported as other financing sources.

Sales taxes, franchise taxes, licenses and permits, charges for services, special assessments and investment income associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. Miscellaneous revenue is not susceptible to accrual because generally they are not measurable until received in cash. Grants and similar awards are recognized as revenue as soon as all eligibility requirements imposed by the grantor or provider have been met. Unearned revenue arises when resources are received by the Town before it has legal claim to them, as when grant monies are received prior to meeting all eligibility requirements imposed by the provider.

The Council adopts the budget at the fund level as a total amount of expenditures. Financial control is administered by fund, with budgetary control for operating performance regulated at the departmental level, e.g., finance, development services, police, and parks and recreation. The legal level of budgetary control (i.e. the level at which expenditures may not legally exceed appropriations) is at the fund level.

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column. The internal service fund is presented in a single column on the face of the proprietary fund statements.

The Town reports the following major governmental funds.

General Fund – This fund accounts for all financial resources of the Town, except those required to be accounted for in other funds.

Community Center Fund – This fund accounts for the activity of the Oro Valley Community Center, including golf, tennis, food and beverage and fitness revenues and expenditures. This fund also accounts for the half cent sales taxes revenues dedicated to these operations, as well as other Parks and Recreation facilities, amenities or operations as determined by the Town Council.

General Government CIP Fund – This fund accounts for governmental capital asset projects.

Municipal Debt Service Fund – This fund accounts for debt service payments on the Series 2010 Excise Tax Revenue Obligations, the Series 2012 Excise Tax Revenue Obligations, the Series 2015 Excise Tax Revenue Refunding Obligations, the Series 2016 Excise Tax Revenue Obligations, the Series 2017 Refunding Excise Tax Revenue Obligations, the Series 2018 Excise Tax Revenue Obligations, the Taxable Series 2021 Excise Tax Revenue Obligations and the Tax-Exempt Series 2021 Excise Tax Revenue Obligations.

The Town reports the following major proprietary funds.

Water Fund – This fund accounts for the costs to operate, construct and finance the Town water system.

The Proprietary Fund financial statements are reported using the economic resources measurement focus and accrual basis of accounting. Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Town's internal service fund is charges for health benefits. The principal operating revenues of the Town's enterprise funds are charges to customers for water and stormwater drainage services. Operating expenses for these funds include the cost of sales and services, administrative expenses, depreciation, and amortization. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**D. Cash and Investments**

For purposes of the Statement of Cash Flows, the Town considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. Cash and cash equivalents at year end were cash on hand, cash in bank, and cash and investments held by another governmental entity as the Town's fiscal agent.

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Arizona statute requires a pooled collateral program for public deposits and a Statewide Collateral Pool Administrator (Administrator) in the State Treasurer’s Office. The purpose of the pooled collateral program is to ensure that governmental entities’ public deposits placed in participating depositories are secured with collateral of 102 percent of the public deposits, less any applicable deposit insurance. An eligible depository may not retain or accept any public deposit unless it has deposited the required collateral with a qualified escrow agent or the Administrator. The Administrator manages the pooled collateral program, including reporting on each depository’s compliance with the program.

Nonparticipating interest-earning investment contracts are stated at cost. Money market investments and participating interest investment contracts with a remaining maturity of one year or less at time of purchase are stated at amortized cost. All other investments are stated at fair value.

**E. Investment Income**

Investment income is composed of interest, dividends, and net changes in the fair value of applicable investments.

**F. Receivables and Payables**

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as either “due to/from other funds” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as “due to/from other funds.” Interfund balances between governmental funds are eliminated on the Statement of Net Position

All receivables are shown net of an allowance for uncollectibles.

**G. Inventory**

All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories consist of expendable supplies held for consumption. Inventories are recorded as expenses when consumed on the government-wide financial statements and the fund financial statements.

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**H. Prepaid Items**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the government-wide and fund financial statements. Prepaid items are recorded as expenses when consumed in the government-wide financial statements and the fund financial statements.

**I. Capital Assets**

Capital assets, which include land, water rights, buildings and improvements, right-to-use lease assets, improvements other than buildings, infrastructure, vehicles, machinery, equipment, and construction in progress, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the Town as assets with an initial, individual cost of \$5,000 or more and an estimated useful life of more than one year. Capital assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized.

Certain capital assets of the Town are depreciated/amortized using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	50
Improvements other than buildings	20-30
Infrastructure	20-50
Vehicles	4-6
Machinery and equipment	7-20

Intangible right-to-use lease assets are amortized over the shorter of the lease term or the useful life of the underlying assets above.

**J. Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial position may report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial position may report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time.

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**K. Compensated Absences**

The Town's employee annual and sick leave policies generally provide for granting annual and sick leave with pay. Full-time employees accrue annual leave based on the number of years employed. Employees who terminate employment shall be paid in a lump sum. Full-time employees accumulate sick leave at the rate of one work day per month. Part-time employees whose normal week is twenty hours or more receive sick leave at half the rate of full-time employees. Once an employee has exceeded 480 hours of accrued sick leave, one half of the sick leave balance in excess of the 480 hours shall be paid to the employee upon separation from employment. The current and long-term liabilities, including related benefits, for accumulated vacation and sick leave are reported on the government-wide financial statements. A liability for these amounts, including related benefits, is reported in governmental funds only if they have matured, for example, as a result of employee leave, resignations and retirements. Generally, resources from the General Fund are used to pay for compensated absences.

**L. Leases**

As lessee, the Town recognizes lease liabilities with an initial, individual value of \$75,000 or more. The Town uses its estimated incremental borrowing rate to measure lease liabilities unless it can readily determine the interest rate implicit in the lease. The Town's estimated incremental borrowing rate is based on the average interest rate of other financing instruments with similar terms and risks as those currently entered into by the Town.

As lessor, the Town recognizes lease receivables with an initial, individual value of \$150,000 or more. If there is no stated rate in the lease contract (or if the stated rate is not the rate the Town charges the lessee) and the implicit rate cannot be determined, the Town uses its own estimated incremental borrowing rate as the discount rate to measure lease receivables. The Town's estimated incremental borrowing rate is calculated as described above.

**M. Pensions**

For purposes of measuring the net pension liabilities, related deferred outflows of resources and deferred inflows of resources, and related expenses, information about the pension plans' fiduciary net position and additions to/deductions from the plans' fiduciary net position have been determined on the same basis as they are reported by the plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**N. Long-term Obligations**

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities on the statement of net position. Bond premiums and discounts are amortized over the life of the bonds using the straight-line method. Deferred amounts on refunding result from the difference between the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

The Town's legal debt limit for water, sewer, lights, open space preserves, parks, playgrounds, and recreational facilities is \$165.9 million, and for all other purposes is \$49.8 million. The Town does not have any related debt.

**O. Interfund Activity**

Flows of cash from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers between governmental funds are eliminated in the Statement of Activities. Interfund transfers in the fund statements are reported as other financing sources/uses in governmental funds and after nonoperating revenues/expenses in proprietary funds.

**P. Net Position Flow Assumption**

In the government-wide and proprietary fund financial statements the Town applies restricted resources first when outlays are incurred for purposes for which either restricted or unrestricted amounts are available.

**Q. Estimates**

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

**R. New Pronouncements**

For the year ended June 30, 2022, the Town implemented GASB Statement No.87 – Leases, which establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. As a result, the Town's financial statements have been modified to reflect the recognition of certain lease assets and liabilities for leases that were previously classified as operating leases and recognized as inflows or outflows of resources based on the contract payment provisions.

## **NOTE 2 – FUND BALANCE CLASSIFICATIONS**

Fund balances of the governmental funds are reported separately within classifications based on a hierarchy of the constraints placed on the use of those resources. The classifications are based on the relative strength of the constraints that control how the specific amounts can be spent. The classifications are nonspendable, restricted, and unrestricted, which includes committed, assigned, and unassigned fund balance classifications.

***Nonspendable.*** The nonspendable fund balance classification includes amounts that cannot be spent because they are not in spendable form or are legally or contractually required to be maintained intact.

***Restricted.*** Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions or enabling legislation.

***Committed.*** The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action of the Town Council through the approval of a Town resolution. Those committed amounts cannot be used for any other purpose unless the Town Council removes or changes the specified use by taking the same type of action it employed to previously commit those amounts. The committed fund balance reported in the General Fund is to be used for contingency reserve. The committed fund balance reported in the Townwide Facilities Projects Fund is used for improvements to Town parks. The committed fund balance reported in the Community Center Fund is used for the culture and recreation activity of the Community Center as well as other Parks and Recreation facilities, amenities or operations as determined by the Town Council.

***Assigned.*** Amounts in the assigned fund balance classification are intended to be used by the Town for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by the Town Council or a management official delegated that authority by the formal Town Council action. This authorization has been given to the Town Manager through the approval of Resolution No. (R)21-37, which amended the Town Financial and Budgetary Policies. The assigned fund balance in the General Government CIP Fund is to be used for governmental capital asset projects.

***Unassigned.*** Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had be restricted, committed, or assigned.

The Town applies restricted resources first when outlays are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

**TOWN OF ORO VALLEY, ARIZONA**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2022**

**NOTE 2 – FUND BALANCE CLASSIFICATIONS (Continued)**

The table below provides detail of the major components of the Town’s fund balance classifications at year end.

	<i>General Fund</i>	<i>Community Center Fund</i>	<i>General Government CIP Fund</i>	<i>Municipal Debt Service Fund</i>	<i>Non-Major Governmental Funds</i>
<i>Fund Balances:</i>					
Nonspendable:					
Inventory	\$ -	\$ 89,249	\$ -	\$ -	\$ -
Prepaid items	1,279,770	38,016	181,682	-	-
Restricted:					
Highway and Streets	-	-	-	-	1,206,985
Debt service	-	-	-	164,136	-
Capital projects	-	-	23,771,248	-	3,455,088
Public safety	-	-	-	-	446,113
Committed:					
Contingency reserve	12,813,742	-	-	-	-
Culture & recreation	-	5,733,193	-	-	16,617
Assigned:					
Townwide capital	-	-	-	-	-
Unassigned:	16,296,912	-	-	-	-
<b>Total Fund Balances</b>	<b>\$ 30,390,423</b>	<b>\$ 5,860,458</b>	<b>\$ 23,952,930</b>	<b>\$ 164,136</b>	<b>\$ 5,124,803</b>

**NOTE 3 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**Excess Expenditures Over Budget** – At year end, the Town had expenditures that exceeded the budget, however, this does not constitute a violation of legal provisions.

**NOTE 4 – CASH AND INVESTMENTS**

A.R.S. authorize the Town to invest public monies in obligations of the U.S. Government and its agencies, obligations of the State and certain local government subdivisions, interest-bearing savings accounts and certificates of deposit, collateralized repurchase agreements, certain obligations of U.S. corporations, and certain other securities. The statutes do not include any requirements for credit risk, custodial credit risk, concentration of credit risk, interest rate risk, or foreign currency risk for the Town’s investments.

*Custodial Credit Risk – Deposits.* Custodial Credit risk is the risk that in the event of bank failure the Town’s deposits may not be returned to the Town. The Town does not have a deposit policy for custodial credit risk. At year end, the carrying value of the Town’s deposits was \$5,308,831 and the bank balance was \$5,330,519. Of the bank balance, \$750,000 was covered by Federal depository insurance and the remainder was covered by collateral held by the pledging financial institution’s trust department or agent but not in the Town’s name and no amounts were uninsured and uncollateralized. Additionally, the Town had cash on hand of \$8,927.

**NOTE 4 – CASH AND INVESTMENTS (Continued)**

*Fair Value Measurements.* The Town categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset.

- Level 1 inputs are quoted prices in active markets for identical assets
- Level 2 inputs are significant other observable inputs
- Level 3 inputs are significant unobservable inputs

*Valuation Techniques.* Equity and debt securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Money markets and certificates of deposit securities classified in Level 2 of the of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

The State Treasurer's pools are external investment pools, the Local Government Investment Pool (Pool 5) and Local Government Investment Pool – Government (Pool 7), with no regulatory oversight. The pools are as an investment company are not registered with the Securities and Exchange Commission. The activity and performance of the pools are reviewed monthly by the State Board of Investment. The fair value of each participant's position in the State Treasurer investment pools approximates the value of the participant's shares in the pool and the participants' shares are not identified with specific investments. Participants in the pool are not required to categorize the value of shares in accordance with the fair value hierarchy. The Arizona State Treasurer has a publicly available financial report that includes financial statements and required supplementary information. Copies may be obtained by contacting the Arizona State Treasurer, 1700 West Washington, Phoenix, AZ 85007 or at [www.aztreasury.gov](http://www.aztreasury.gov).

The County Treasurer's pool is an external investment pool with no regulatory oversight. The pool is not required to register (and is not registered) with the Securities and Exchange Commission. The fair value of each participants' position in the County Treasurer investment pool approximates the value of the participants' shares in the pool and the participants' shares are not identified with specific investments. Participants in the pool are not required to categorize the value of shares in accordance with the fair value hierarchy.

*Custodial Credit Risk – Investments.* The Town's investment in the State and County Treasurer's investment pools represents a proportionate interest in the pool's portfolio; however, the Town's portion is not identified with specific investments and is not subject to custodial credit risk.

**TOWN OF ORO VALLEY, ARIZONA**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2022**

**NOTE 4 – CASH AND INVESTMENTS (Continued)**

All investments in which the fair value hierarchy is applicable are measured at fair value on a recurring basis. At year end, the Town’s investments consisted of the following:

Investment Type	Fair Value	Category	Investment Maturities (in Years)		Credit Quality Ratings	
			Less than 1	1-5	Moody's	S&P's
Money Market - Wells Fargo	189,344	Level 2	189,344		N/A	N/A
Money Market - Zion Bank	157,158	Level 2	157,158		N/A	N/A
Money Market - US Bank	30,879,059	Level 2	30,879,059		N/A	N/A
Money Market - BNY Mellon	2,067,984	Level 2	2,067,984		N/A	N/A
U.S. Treasuries	32,452,508	Level 1	4,447,969	28,004,539	Aaa	AA+
Supra-National Agency:						
International Bank of Reconstruction and Dev.	342,619	Level 1	342,619		Aaa	AAA
Asian Development Bank	1,252,997	Level 1		1,252,997	Aaa	AAA
Inter-American Development Bank	529,412	Level 1		529,412		
Collateralized Mortgage Obligation						
FHMS	6,016	Level 1		6,016	Aaa	AA+
Federal Home Loan Mortgage Corporation	414,242	Level 1	414,242	-	Aaa	AA+
Asset-Backed Security						
Credit Rating - Aaa and AAA	2,158,861	Level 1	133,601	2,025,260	Aaa	AAA
Credit Rating - N/A and AAA	2,940,178	Level 1	366,502	2,573,676	N/A	AAA
Credit Rating - Aaa and N/A	898,974	Level 1	21,379	877,595	Aaa	N/A
Corporate Notes:						
Credit Rating - A3 and BBB+	886,831	Level 1		886,831	A3	BBB+
Credit Rating - A3 and A+	161,967	Level 1		161,967	A3	A+
Credit Rating - A3 and A-	1,677,667	Level 1		1,677,667	A3	A-
Credit Rating - A3 and AA-	113,396	Level 1		113,396	A3	AA-
Credit Rating - A2 and BBB+	770,749	Level 1		770,749	A2	BBB+
Credit Rating - A2 and A+	250,435			250,435	A2	A+
Credit Rating - A2 and A	1,511,831	Level 1		1,511,831	A2	A
Credit Rating - A2 and A-	2,749,660	Level 1		2,749,660	A2	A-
Credit Rating - A1 and BBB+	340,350	Level 1		340,350	A1	BBB+
Credit Rating - A1 and A-	1,031,634	Level 1		1,031,634	A1	A-
Credit Rating - A1 and A	2,102,595	Level 1		2,102,595	A1	A
Credit Rating - A1 and A+	1,011,107	Level 1		1,011,107	A1	A+
Credit Rating - A1 and AA	-	Level 1		-	A1	AA
Credit Rating - A1 and AA-	187,472			187,472	A1	AA-
Credit Rating - Aa2 and AA-	112,486	Level 1		112,486	Aa2	AA-
Credit Rating - Aa3 and AA-	840,087			840,087	Aa3	AA-
	<u>88,037,620</u>		<u>39,019,858</u>	<u>49,017,762</u>		
County Treasurer's Investment Pool	317,182	Not applicable	202 days average maturities			N/A
State Treasurer's Investment Pool 5	<u>7,391,362</u>	Not applicable	47 days average maturities			AAA/S1+
Total	<u>95,746,164</u>					

**NOTE 4 – CASH AND INVESTMENTS (Continued)**

*Interest Rate Risk.* The Town has implemented an investment policy that will minimize interest rate risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates by the following.

1. Structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity; and
2. Investing operating funds primarily in shorter-term securities, money market mutual funds, or similar investment pools limiting the average maturity in the portfolio in accordance with this policy.

*Credit Risk.* The Town has implemented an investment policy that will minimize credit risk, which is the risk of loss due to the failure of the security or backer by the following:

1. Limiting investments to the types of securities listed in Section 6 of this investment policy;
2. Pre-qualifying financial institutions, broker/dealers, intermediaries, and advisers with which the Town will do business in accordance with Section 5; and
3. Diversifying the investment portfolio so that the impact of potential losses from any one type of security or from any one individual issuer will be minimized.

*Concentration of Credit Risk.* The Town places no limit on the amount the Town may invest in any one issuer. The investments in Money Markets, Certificates of Deposit, U.S. Treasuries, Supranational Agency Bonds, Collateralized Mortgage Obligations, Asset-Backed Securities, U.S. Agencies, Corporate Securities, County Treasurer's Investment Pool, and State Treasurer's Investment Pool 5, represent 35%, 0%, 34%, 2%, 0%, 6%, 0%, 14%, 1%, and 8% of the Town's total investments, respectively.

**TOWN OF ORO VALLEY, ARIZONA**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2022**

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**NOTE 5 – RECEIVABLES**

Receivable balances, net of allowance for uncollectibles, have been disaggregated by type and presented separately in the financial statements with the exception of intergovernmental receivables. Intergovernmental receivables, net of allowance for uncollectibles, as of year-end for the Town’s individual major funds and non-major governmental funds in the aggregate, were as follows:

	<i>General Fund</i>	<i>Non-Major Governmental Funds</i>
	<hr/>	<hr/>
Intergovernmental receivables:		
Due from federal government	\$ 2,416,074	\$ 54,119
Due from state government	340,443	414,254
Due from other governments		70,000
Net intergovernmental receivables	<u>\$ 2,756,516</u>	<u>\$ 538,373</u>

**Lease Receivables** – The Town leases cell tower space and building/facility space to third parties under the provisions of various lease agreements. During the fiscal year ended June 30, 2022, the Town recognized total lease-related revenues of \$143,805.

**TOWN OF ORO VALLEY, ARIZONA**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2022**

**NOTE 6 – CAPITAL AND INTANGIBLE ASSETS**

A summary of capital and intangible asset activity for the current fiscal year follows:

Governmental Activities:	<i>Beginning Balance (Restated)</i>	<i>Increases</i>	<i>Decreases</i>	<i>Ending Balance</i>
<b>NON-DEPRECIABLE/AMORTIZABLE</b>				
Land	\$ 33,972,221	\$ 702,600	\$ -	\$ 34,674,821
Construction in progress	26,256,480	7,939,876	(27,061,263)	7,135,093
<i>Total non-depreciable/amortizable</i>	60,228,701	8,642,476	(27,061,263)	41,809,914
<b>DEPRECIABLE/AMORTIZABLE</b>				
Infrastructure	214,156,442	28,027,055	-	242,183,497
Buildings & improvements	44,218,568	1,701,999	-	45,920,567
Machinery, equipment & vehicles	18,616,508	2,213,962	(691,059)	20,139,411
Right of Use Asset - Equipment	851,353	-	-	851,353
<i>Total depreciable/amortizable</i>	277,842,871	31,943,016	(691,059)	309,094,828
<b>ACCUMULATED DEPRECIATION/AMORTIZATION</b>				
Infrastructure	(119,233,273)	(8,381,073)	-	(127,614,346)
Buildings & improvements	(11,114,106)	(1,145,984)	-	(12,260,090)
Machinery, equipment & vehicles	(14,288,008)	(1,347,396)	669,406	(14,965,998)
Right of Use Asset	-	(66,746)	-	(66,746)
<i>Total accumulated depreciation/amortization</i>	(144,635,387)	(10,941,199)	669,406	(154,907,180)
<i>Total capital assets being depreciated/amortized</i>	133,207,484	21,001,817	(21,653)	154,187,648
<i>Capital assets, net of depreciation/amortization</i>	\$ 193,436,185	\$ 29,644,293	\$ (27,082,916)	\$ 195,997,562
<i>Business-type Activities:</i>	<i>Beginning Balance</i>	<i>Increases</i>	<i>Decreases</i>	<i>Ending Balance</i>
<b>NON-DEPRECIABLE</b>				
Land	\$ 2,410,660	\$ -	\$ -	\$ 2,410,660
Water rights	8,534,490	-	-	8,534,490
Construction in progress	7,599,940	1,826,033	(1,013,967)	8,412,006
<i>Total non-depreciable</i>	18,545,090	1,826,033	(1,013,967)	19,357,156
<b>DEPRECIABLE</b>				
Water system	143,246,169	2,631,753	-	145,877,922
Stormwater system	3,650,716	-	-	3,650,716
Machinery, equipment & vehicles	6,017,146	236,669	(38,691)	6,215,124
<i>Total depreciable</i>	152,914,031	2,868,422	(38,691)	155,743,762
<b>ACCUMULATED DEPRECIATION</b>				
Water system	(55,092,237)	(3,515,362)	-	(58,607,599)
Stormwater system	(703,674)	(76,725)	-	(780,399)
Machinery, equipment & vehicles	(4,888,451)	(307,583)	30,523	(5,165,511)
<i>Total accumulated depreciation</i>	(60,684,362)	(3,899,670)	30,523	(64,553,509)
<i>Total capital assets being depreciated</i>	92,229,669	(1,031,248)	(8,168)	91,190,253
<i>Capital assets, net of depreciation</i>	\$ 110,774,759	\$ 794,785	\$ (1,022,135)	\$ 110,547,409

**TOWN OF ORO VALLEY, ARIZONA**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2022**

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**NOTE 6 – CAPITAL AND INTANGIBLE ASSETS (Continued)**

Depreciation and amortization expense was charged to functions/programs as follows:

<i>Governmental activities:</i>	Depreciation	Amortization	Total
General government	\$ 547,042	\$ 48,022	\$ 595,064
Public safety	752,540	-	752,540
Highways & streets	8,611,232	-	8,611,232
Culture & recreation	963,639	18,724	982,363
Total depreciation/amortization expense - governmental activities	<u>\$ 10,874,453</u>	<u>\$ 66,746</u>	<u>\$ 10,941,199</u>
 <i>Business-type activities:</i>	 Depreciation	 Amortization	 Total
Water	\$ 3,739,244	\$ (116,919)	\$ 3,622,325
Stormwater	160,426	-	160,426
Total depreciation/amortization - expense business-type activities	<u>\$ 3,899,670</u>	<u>\$ (116,919)</u>	<u>\$ 3,782,751</u>

**Construction Commitments** – As of year-end, the Town had contractual commitments related to park improvements, facility improvements, and water system improvements. At year end the Town had spent \$7.8 million on the projects and had estimated remaining contractual commitments of \$47.1 million.

**NOTE 7 – LOAN PAYABLE**

The Town has a loan from the Water Infrastructure Finance Authority (WIFA) of Arizona for water system projects. The loan payable at current fiscal year end is presented below.

<i>Business-type activities:</i>	<i>Interest Rate (Including Fees)</i>	<i>Remaining Maturities</i>	<i>Outstanding Principal June 30, 2022</i>	<i>Due Within One Year</i>
WIFA Loan, 2014	2.65%	7/1/22-29	\$ 2,404,213	\$ 317,087
<i>Total</i>			<u>\$ 2,404,213</u>	<u>\$ 317,087</u>

**TOWN OF ORO VALLEY, ARIZONA**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2022**

**NOTE 7 – LOAN PAYABLE (Continued)**

Principal and interest payments on the business-type activities loan payable at June 30, 2022 is summarized as follows:

Year ending June 30:	<u>Principal</u>	<u>Interest</u>
2023	\$ 317,087	\$ 59,555
2024	325,496	51,034
2025	334,128	42,288
2026	342,989	33,310
2027	352,085	24,093
2028-2029	732,428	19,552
<i>Total</i>	<u>\$ 2,404,213</u>	<u>\$ 229,832</u>

**NOTE 8 – REVENUE BONDS PAYABLE**

Bonds payable at year end, consisted of the following outstanding revenue and refunding bonds. The bonds are both callable and noncallable with interest payable semiannually. Taxes, water revenues, and impact fees are used to pay bonded debt.

<u>Purpose</u>	<u>Original Amount Issued</u>	<u>Interest Rates</u>	<u>Remaining Maturities</u>	<u>Outstanding Principal June 30, 2022</u>	<u>Due Within One Year</u>
<b>Governmental activities:</b>					
Revenue bonds:					
Excise Tax Revenue Obligations, 2010	\$ 2,445,000	5.49-6.59%	7/1/22-27	\$ 940,000	\$ 150,000
Revenue Bonds, 2012	2,580,000	3.50-4.00%	7/1/22-27	1,215,000	185,000
Pension Obligation Bonds, 2021	17,975,000	0.27-2.70%	7/1/22-39	17,975,000	940,000
Parks and Recreation, 2021	21,120,000	4.00-5.00%	7/1/22-42	21,120,000	950,000
Private placement revenue bonds:					
Refunding Excise Tax Revenue Obligations, 2015	2,529,250	1.91%	7/1/22-25	1,176,520	284,750
Excise Tax Revenue Obligations, 2016	2,000,000	2.20%	7/1/22-31	1,548,000	140,000
Refunding Excise Tax Revenue Obligations, 2017	1,115,556	2.43%	7/1/22-26	653,010	124,410
Excise Tax Revenue Obligations, 2018	2,035,000	3.02%	7/1/22-33	1,725,500	121,500
<i>Total</i>				<u>\$ 46,353,030</u>	<u>\$ 2,895,660</u>

<u>Purpose</u>	<u>Original Amount Issued</u>	<u>Interest Rates</u>	<u>Remaining Maturities</u>	<u>Outstanding Principal June 30, 2022</u>	<u>Due Within One Year</u>
<b>Business-type activities:</b>					
Revenue bonds:					
Refunding Revenue Bonds, 2012	\$ 16,595,000	3.00-5.00%	7/1/22-28	\$ 1,815,000	\$ 1,815,000
Private placement revenue bonds:					
Refunding Revenue Bonds, 2015	1,245,750	1.91%	7/1/22-25	579,480	140,250
Refunding Revenue Bonds, 2017	13,186,444	2.43%	7/1/22-26	7,718,984	1,470,590
Excise Tax Revenue Obligations, 2018	6,105,000	3.02%	7/1/22-34	5,176,504	364,500
Refunding Revenue Bonds, 2021	5,582,000	1.16-1.27%	7/1/22-30	5,187,000	455,000
<i>Total</i>				<u>\$ 20,476,968</u>	<u>\$ 4,245,340</u>

**TOWN OF ORO VALLEY, ARIZONA**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2022**

**NOTE 8 – REVENUE BONDS PAYABLE (Continued)**

Annual debt service requirements to maturity on revenue and refunding bonds for governmental activities at year end are summarized as follows:

Year ending June 30:	<i>Governmental Activities</i>			
	Revenue Bonds		Private Placement Revenue Bonds	
	Principal	Interest	Principal	Interest
2023	\$ 2,225,000	\$ 1,318,498	\$ 670,660	\$ 116,900
2024	1,980,000	1,258,121	688,242	101,489
2025	2,030,000	1,201,676	702,974	85,704
2026	2,085,000	1,140,563	717,942	69,565
2027	2,140,000	1,074,363	426,712	55,995
2028-2032	10,040,000	4,364,759	1,564,500	153,629
2033-2037	11,345,000	2,656,020	332,000	10,101
2038-2042	9,405,000	783,278	-	-
<i>Total</i>	<u>\$ 41,250,000</u>	<u>\$ 13,797,278</u>	<u>\$ 5,103,030</u>	<u>\$ 593,383</u>

Annual debt service requirements to maturity on revenue and refunding bonds for business-type activities at year end are summarized as follows:

Year ending June 30:	<i>Business-type Activities</i>			
	Revenue Bonds		Private Placement Revenue Bonds	
	Principal	Interest	Principal	Interest
2023	\$ 1,815,000	\$ 81,532	\$ 2,430,340	\$ 367,863
2024	-	-	3,046,758	311,895
2025	-	-	2,836,026	248,084
2026	-	-	2,899,058	186,002
2027	-	-	2,812,282	125,317
2028-2032	-	-	3,641,500	316,996
2033-2034	-	-	996,004	15,266
<i>Total</i>	<u>\$ 1,815,000</u>	<u>\$ 81,532</u>	<u>\$ 18,661,968</u>	<u>\$ 1,571,423</u>

**TOWN OF ORO VALLEY, ARIZONA**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2022**

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**NOTE 8 – REVENUE BONDS PAYABLE (Continued)**

**Pledged revenues – governmental activities.** The Town has pledged future sales (excise) tax revenues to repay outstanding revenue bonds and refunding revenue bonds of \$50.5 million as of June 30, 2022. Proceeds from the original bond issuances, including those subsequently refunded, provided financing for land acquisition and facility construction. The bonds are paid solely from the Town’s sales taxes and are payable through 2042. Total annual principal and interest payments for all sales tax revenue bonds are expected to require less than seven percent of gross revenues. The total principal and interest to be paid on the bonds is \$60.7 million. The current total sales tax revenues were \$30.6 million, and the total principal and interest paid on the bonds was \$1.5 million or approximately 4.9 percent of gross revenues.

**Pledged revenues – business-type activities.** The Town has pledged future water revenues to repay outstanding revenue bonds and refunding revenue bonds of \$20.5 million as of June 30, 2022. Proceeds from the original bond issuances, including those subsequently refunded, provided financing for the construction and improvements to the Town’s water systems and infrastructure. The bonds are paid solely from water utility revenues and are payable through 2034. Total annual principal and interest payments for all water revenue bond issuances are expected to require approximately 25 percent of gross revenues. The total principal and interest to be paid on the bonds is \$22.1 million. The current total customer gross revenues were \$19.5 million, and the total principal and interest paid on the bonds was \$4.6 million or 23 percent of gross revenues.

**NOTE 9 – OBLIGATIONS UNDER LEASES**

**Leases** – Lease agreements are summarized as follows:

Description	Date	Payment Terms	Payment Amount	Interest Rate	Beginning Lease Liability	Balance June 30, 2022
Copiers	07/01/2021	34 months	\$ 4,149	2.5%	\$ 136,063	\$ 89,136
Golf carts	03/01/2022	36-54 months	13,259	2.5%	637,971	629,211
Fitness equipment	01/15/2022	48 months	1,278	2.5%	58,319	51,344
Total lease agreements					<u>\$ 832,353</u>	<u>\$ 769,691</u>

Annual requirements to amortize long-term obligations and related interest are as follows:

Year Ending June 30	Principal	Interest
2023	\$ 197,385	\$ 15,943
2024	204,042	11,895
2025	157,700	7,329
2026	134,857	3,678
2027	75,707	632
Total	<u>\$ 769,691</u>	<u>39,477</u>

**TOWN OF ORO VALLEY, ARIZONA**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2022**

**NOTE 10 – CHANGES IN LONG-TERM LIABILITIES**

Long-term liability activity for the current fiscal year was as follows:

	<i>Outstanding July 1, 2021 (restated)</i>	<i>Issued</i>	<i>Matured/ Redeemed During Year</i>	<i>Outstanding June 30, 2022</i>	<i>Due Within One Year</i>
<b>Governmental activities</b>					
Revenue bonds	\$ 2,475,000	\$ 39,095,000	\$ (320,000)	\$ 41,250,000	\$ 2,225,000
Private placement revenue bonds	5,754,620	-	(651,590)	5,103,030	670,660
Premium	-	4,247,224	(137,007)	4,110,217	-
Total bonds payable	<u>8,229,620</u>	<u>43,342,224</u>	<u>(1,108,597)</u>	<u>50,463,247</u>	<u>2,895,660</u>
Leases payable	832,353	-	(62,662)	769,691	197,385
Net pension liability	47,607,259	-	(13,690,698)	33,916,561	-
Compensated absences payable	2,403,311	2,283,260	(2,245,357)	2,441,214	2,264,309
Governmental activities long-term liabilities	<u>\$ 59,072,543</u>	<u>\$ 45,625,484</u>	<u>\$ (17,107,314)</u>	<u>\$ 87,590,713</u>	<u>\$ 5,357,354</u>
	<i>Outstanding July 1, 2021</i>	<i>Issued</i>	<i>Matured/ Redeemed During Year</i>	<i>Outstanding June 30, 2022</i>	<i>Due Within One Year</i>
<b>Business-type activities</b>					
Revenue bonds	\$ 3,545,000	\$ -	\$ (1,730,000)	\$ 1,815,000	\$ 1,815,000
Private placement revenue bonds	20,983,378	-	(2,321,410)	18,661,968	2,430,340
Premium	381,457	-	(381,457)	-	-
Total bonds payable	<u>24,909,835</u>	<u>-</u>	<u>(4,432,867)</u>	<u>20,476,968</u>	<u>4,245,340</u>
Loan payable	2,713,108	-	(308,895)	2,404,213	317,087
Net pension liability	4,550,542	-	(1,198,225)	3,352,317	-
Compensated absences payable	391,711	262,666	(300,744)	353,633	281,705
Business-type activities long-term liabilities	<u>\$ 32,565,196</u>	<u>\$ 262,666</u>	<u>\$ (6,240,731)</u>	<u>\$ 26,587,131</u>	<u>\$ 4,844,132</u>

**New Bond Issuances** – In fiscal year 2022, the Town issued \$17,975,000 in taxable pension obligation revenue bonds and \$21,120,000 in tax-exempt parks and recreation revenue bonds with a premium of \$4,247,224. The interest rate for the pension obligation bonds is 2.39%, while the rate for the parks and recreation bonds is 2.31%. Proceeds from the pension obligation bond were used to completely fund the Town’s PSPRS unfunded liability. Proceeds from the parks and recreation bonds are being used to increase amenities at Naranja Park, complete necessary golf irrigation improvements at Town-owned golf courses, and complete multiuse paths.

**TOWN OF ORO VALLEY, ARIZONA**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2022**

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**NOTE 11 – TRANSFERS**

At year end, transfer activity in the funds was as follows:

**Interfund transfers:**

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ -	\$ 6,262,832
Community Center Fund	-	315,658
General Government CIP	5,015,210	-
Municipal Debt Service Fund	1,386,455	-
Non-Major Governmental Funds	100,000	121,840
Water Fund	198,665	-
	<u>\$ 6,700,330</u>	<u>\$ 6,700,330</u>

Transfers were made from the General, Community Center, General Impact Fee to the Municipal Debt Service Fund, a non-major governmental fund, for debt service. In addition, transfers were made from the General Fund to the General Government CIP Fund, and from the General Government CIP Fund to the Water Fund to fund capital projects.

**NOTE 12 – CONTINGENT LIABILITIES**

**Compliance** – Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures/expenses that may be disallowed by the grantor cannot be determined at this time, although the Town expects such amounts, if any, to be immaterial.

**NOTE 13 – RISK MANAGEMENT**

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

The Town’s insurance protection is provided by the Arizona Municipal Risk Retention Pool, of which the Town is a participating member. The limit for basic coverage is for \$2,000,000 per occurrence on a claims made basis. Excess coverage is for an additional \$10,000,000 per occurrence on a follow form, claims made basis. The aggregate limit is also \$10,000,000. No significant reduction in insurance coverage occurred during the year and no settlements exceeded insurance coverage during any of the past three fiscal years.

The Arizona Municipal Risk Retention Pool is structured such that member premiums are based on an actuarial review that will provide adequate reserves to allow the Pool to meet its expected financial obligations. The Pool has the authority to assess its members’ additional premiums should reserves and annual premiums be insufficient to meet the Pool’s obligations.

The Town is insured by Arizona Municipal Workers Compensation Pool for potential worker related accidents. The Town has established a Self-Insurance Fund to account for and finance its uninsured risks of loss related to its employee health benefits program. The activity is reported in an internal service fund in these financial statements. Under this program, the Fund provides coverage for up to a maximum of \$150,000 for each claim, not to exceed an annual aggregate of \$2,000,000. The Fund purchases commercial insurance for claims in excess of this coverage. Settled claims have not exceeded this coverage for the past three fiscal years.

Liabilities of the fund are reported when it is probable that a loss has occurred, and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNRs). The result of the process to estimate the claims liability is not an exact amount as it depends on many complex factors, such as inflation, changes in legal doctrines, and damage awards. Accordingly, claims are reevaluated periodically to consider the effects of inflation, recent claim settlement trends (including frequency and amount of pay-outs), and other economic and social factors. The estimate of the claims liability also includes amounts for incremental claim adjustment expenses related to specific claims and other claim adjustment expenses regardless of whether allocated to specific claims. Estimated recoveries, for example from salvage or subrogation, are another component of the claims liability estimate. Changes in the balances of claims liabilities during the past two years are as follows.

	<i>Claims Payable Beginning of Year</i>	<i>Current Year Claims and Changes in Estimates</i>	<i>Claim Payments</i>	<i>Claims Payable at End of Year</i>
2021-22	\$ 328,352	\$ 2,384,594	\$ 2,410,291	\$ 302,655
2020-21	251,704	2,715,039	2,638,391	328,352

**NOTE 14 – SUBSEQUENT EVENTS**

On July 19, 2022, the Town was donated 202 acres of property with a permanent conservation easement from The Conservation Fund. The appraised value of the property was \$1.62 million.

**TOWN OF ORO VALLEY, ARIZONA**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2022**

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**NOTE 15 – PENSIONS**

The Town contributes to the plans described below. The plans are component units of the State of Arizona.

**Aggregate Amounts.** On June 30, 2022, the Town reported the following aggregate amounts related to pensions for all plans to which it contributes.

	<i><b>Governmental Activities</b></i>	<i><b>Business-type Activities</b></i>	<i><b>Total</b></i>
Net pension liability	\$ 33,916,561	\$ 3,352,317	\$ 37,268,878
Pension deferred outflows of resources	35,405,005	837,965	36,242,970
Pension deferred inflows of resources	10,098,598	1,156,127	11,254,725
Pension expense	3,094,267	192,424	3,286,691

The Town reported \$31.7 million of pension contributions as expenditures in the governmental funds related to all plans to which it contributes.

**A. Arizona State Retirement System**

**Plan Description.** Town employees not covered by the other pension plans described below participate in the Arizona State Retirement System (ASRS). The ASRS administers a cost-sharing multiple-employer defined benefit pension plan, a cost-sharing multiple-employer defined benefit health insurance premium benefit (OPEB) plan, and a cost-sharing multiple-employer defined benefit long-term disability (OPEB) plan. The Arizona State Retirement System Board governs the ASRS according to the provisions of A.R.S. Title 38, Chapter 5, Articles 2 and 2.1. The ASRS issues a publicly available financial report that includes its financial statements and required supplementary information. The report is available on the ASRS website at [www.azasrs.gov](http://www.azasrs.gov). GASB Statement 75 has not been recorded or further disclosed due to its relative insignificance to the Town's financial statements.

**TOWN OF ORO VALLEY, ARIZONA**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2022**

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**NOTE 15 – PENSIONS (Continued)**

**Benefits Provided.** The ASRS provides retirement, health insurance premium supplement, long-term disability, and survivor benefits. State statute establishes benefit terms. Retirement benefits are calculated on the basis of age, average monthly compensation, and service credit as follows:

	Retirement Initial Membership Date:	
	Before July 1, 2011	On or After July 1, 2011
Years of service and age required to receive benefit	Sum of years and age equals 80 10 years, age 62 5 years, age 50* Any years, age 65	30 years, age 55 25 years, age 60 10 years, age 62 5 years, age 50* Any years, age 65
Final average salary is based on	Highest 36 months of last 120 months	Highest 60 months of last 120 months
Benefit percent per year of service	2.1% to 2.3%	2.1% to 2.3%
	*With actuarially reduced benefits	

Retirement benefits for members who joined the ASRS prior to September 13, 2013, are subject to automatic cost-of-living adjustments based on excess investment earnings. Members with a membership date on or after September 13, 2013, are not eligible for cost-of-living adjustments. Survivor benefits are payable upon a member’s death. For retired members, the survivor benefit is determined by the retirement benefit option chosen. For all other members, the beneficiary is entitled to the member’s account balance that includes the member’s contributions and employer’s contributions, plus interest earned.

Retired and disabled members, with at least five years of credited service, are eligible to receive health insurance premium benefits. The benefits are payable only with respect to allowable health insurance premiums for which the member is responsible. For members with 10 or more years of service, benefits range from \$100 per month to \$260 per month depending on the age of the member and dependents. For members with five to nine years of service, the benefits are the same dollar amounts as above multiplied by a vesting fraction based on completed years of service.

**NOTE 15 – PENSIONS (Continued)**

Active members are eligible for a long-term disability benefit in the event they become unable to perform their work. The monthly benefit is equal to two-thirds of their monthly earnings. Members receiving benefits continue to earn service credit up to their normal retirement dates. Members with long-term disability commencement dates after June 30, 1999, are limited to 30 years of service or the service on record as of the effective disability date if their service is greater than 30 years.

**Contributions.** In accordance with State statutes, annual actuarial valuations determine active member and employer contribution requirements. The combined active member and employer contribution rates are expected to finance the costs of benefits employees earn during the year, with an additional amount to finance any unfunded accrued liability. For the fiscal year ended June 30, 2022, statute required active ASRS members to contribute at the actuarially determined rate of 12.41 percent (12.22 percent for retirement and 0.19 percent for long-term disability) of the members’ annual covered payroll, and statute required the Town to contribute at the actuarially determined rate of 12.41 percent (12.01 percent for retirement, 0.21 percent for health insurance premium benefit, and 0.19 percent for long-term disability) of the active members’ annual covered payroll. The Town’s contributions for the year ended June 30, 2022, were as follows:

	<u><i>Contributions</i></u>
Pension	\$ 1,746,926

Employers are also required to pay an Alternate Contribution Rate (ACR), for retired members who return to work in positions that would typically be filled by an employee who contributes to ASRS. The Town was required by statute to contribute at the actuarially determined rate of 10.22 percent (10.13 for retirement and 0.09 percent for long-term disability) of annual covered payroll. ACR contributions are included in employer contributions presented above.

The Town’s pension contributions are paid by the same funds as the employee’s salary, with the largest component coming from the General Fund. Contributions from the Water Enterprise Fund were 16%, and contributions from the non-major enterprise fund were 4%.

**TOWN OF ORO VALLEY, ARIZONA**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2022**

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**NOTE 15 – PENSIONS (Continued)**

**Pension Liability.** The net pension liability was measured as of June 30, 2021. The total liability used to calculate the net liability was determined using update procedures to roll forward the total liability from an actuarial valuation as of June 30, 2020, to the measurement date of June 30, 2021. The total liabilities as of June 30, 2021, reflect changes in actuarial assumptions based on the results of an actuarial experience study for the 5-year period ended June 30, 2020, including decreasing the discount rate from 7.5 percent to 7.0 percent and changing the projected salary increases from 2.7-7.2 percent to 2.9-8.4 percent.

The Town’s proportion of the net assets/liability was based on the Town’s actual contributions to the applicable plan relative to the total of all participating employers’ contributions to the plan for the year ended June 30, 2021. At June 30, 2022, the Town reported the following amounts for its proportionate share of the ASRS plans net assets/liability. In addition, at June 30, 2021, the Town’s percentage proportion for each plan and the related change from its proportion measured as of June 30, 2020 was:

	<u><i>Net (Asset)/ Liability</i></u>	<u><i>Town % Proportion</i></u>	<u><i>Increase (Decrease)</i></u>
Pension	\$ 15,876,526	0.121	(0.003)

**Pension Expense and Deferred Outflows/Inflows of Resources.** The Town has deferred outflows and inflows of resources related to the net pension liability. Certain changes in the net pension liability are recognized as pension expense over a period of time rather than the year of occurrence. For the year ended June 30, 2022, the Town recognized pension expense as follows:

	<u><i>Expense</i></u>
Pension	\$ 931,251

**TOWN OF ORO VALLEY, ARIZONA**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2022**

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**NOTE 15 – PENSIONS (Continued)**

The Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<i>Deferred Outflows of Resources</i>	<u><i>Pension</i></u>
Differences between expected and actual experience	\$ 242,023
Changes of assumptions or other inputs	2,066,457
Net difference between projected and actual earnings on pension investments	-
Changes in proportion and differences between contributions and proportionate share of contributions	-
Contributions subsequent to the measurement date	1,746,926
<i>Total</i>	<u><u>\$ 4,055,406</u></u>

<i>Deferred Inflows of Resources</i>	<u><i>Pension</i></u>
Differences between expected and actual experience	\$ -
Changes of assumptions or other inputs	-
Net difference between projected and actual earnings on pension investments	5,030,242
Changes in proportion and differences between contributions and proportionate share of contributions	564,939
<i>Total</i>	<u><u>\$ 5,595,181</u></u>

The amounts of deferred outflows of resources resulting from contributions subsequent to the measurement date as reported in the table above will be recognized as an adjustment of the net pension liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	<u><i>Pension</i></u>
2023	\$ (354,018)
2024	(90,313)
2025	(1,108,911)
2026	(1,733,459)
2027	-
Thereafter	-

**TOWN OF ORO VALLEY, ARIZONA**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2022**

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**NOTE 15 – PENSIONS (Continued)**

**Actuarial Assumptions.** The significant actuarial assumptions used to measure the total pension liability are as follows:

	<u>Pension</u>
Actuarial valuation date	June 30, 2020
Actuarial roll forward date	June 30, 2021
Actuarial cost method	Entry age normal
Investment rate of return	7.0%
Projected salary increases	2.9-8.4%
Inflation	2.3%
Permanent base increases	Included
Mortality rates	2017 SRA Scale U-MP
Recovery rates	2012 GLTD for long-term disability
Healthcare cost trend rate	Not applicable

Actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the five-year period ended June 30, 2020.

The long-term expected rate of return on ASRS plan investments was determined to be 7.0 percent using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage excluding any expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class of ASRS are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Equity	50%	4.90%
Fixed income - credit	20%	5.20%
Interest rate sensitivity bonds	10%	0.70%
Real estate	20%	5.70%
<i>Total</i>	<u>100%</u>	

**NOTE 15 – PENSIONS (Continued)**

**Discount Rate.** At June 30, 2022, the discount rate used to measure the ASRS total pension liability was 7.0 percent, which was a decrease of 0.5 percent from the discount rate used as of June 30, 2020. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarially determined rates based on the ASRS Board’s funding policy, which establishes the contractually required rate under Arizona statute. Based on those assumptions, the plans’ fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate.** The following table presents the Town’s proportionate share of the net pension liability calculated using the discount rate of 7.0 percent, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.0 percent) or 1-percentage-point higher (8.0 percent) than the current rate:

	<i>Proportionate share of the net liability</i>		
	<i>Current</i>		
	<i>1% Decrease</i>	<i>Discount Rate</i>	<i>1% Increase</i>
Rate	6.0%	7.0%	8.0%
Pension	\$ 24,972,445	\$ 15,876,526	\$ 8,293,046

**Pension Plan Fiduciary Net Position.** Detailed information about the pension plan’s fiduciary net position is available in the separately issued ASRS financial report. The report is available on the ASRS website at [www.azasrs.gov](http://www.azasrs.gov).

**NOTE 15 – PENSIONS (Continued)**

**B. Public Safety Personnel Retirement System and Corrections Officer Retirement Plan**

**Plan Descriptions.** Town public safety employees who are regularly assigned hazardous duty participate in the Public Safety Personnel Retirement System (PSPRS) or employees who became members on or after July 1, 2017, may participate in the Public Safety Personnel Defined Contribution Retirement Plan (PSDCRP). The PSPRS administers an agent and cost-sharing multiple-employer defined benefit pension plan and an agent and cost-sharing multiple-employer defined benefit health insurance premium benefit (OPEB) plan. A nine-member board known as the Board of Trustees and the participating local boards govern the PSPRS according to the provisions of A.R.S. Title 38, Chapter 5, Article 4. Employees who were PSPRS members before July 1, 2017, participate in the agent plans, and employees who became PSPRS members on or after July 1, 2017, participate in either the agent plans or cost-sharing plans (PSPRS Tier 3 Risk Pool).

Town dispatchers participate in the Corrections Officer Retirement Plan (CORP) or the Public Safety Personnel Defined Contribution Retirement Plan. The CORP administers an agent multiple-employer defined benefit pension plan and an agent multiple-employer defined benefit health insurance premium benefit (OPEB) plan for dispatchers (agent plans), which were closed to new members as of July 1, 2018. Employees who were CORP members before July 1, 2018, participate in CORP or PSDCRP. Dispatcher employees who became members on or after July 1, 2018, participate in PSDCRP. The PSPRS Board of Trustees described above and the participating local boards govern CORP according to the provisions of A.R.S. Title 38, Chapter 5, Article 6.

The PSPRS and CORP issue a publicly available financial report that includes their financial statements and required supplementary information. The report is available on the PSPRS website at [www.psprs.com](http://www.psprs.com).

The PSPRS Tier 3 Risk Pool plans and the PSPRS OPEB plans are not further disclosed because of their relative insignificance to the Town's financial statements.

**Benefits Provided.** The PSPRS and CORP provide retirement, health insurance premium supplement, disability, and survivor benefits. State statute establishes benefits terms. Retirement, disability, and survivor benefits are calculated on the basis of age, average monthly compensation, and service credit as follows. See the publicly available PSPRS and CORP financial report for additional benefits information.

**TOWN OF ORO VALLEY, ARIZONA**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2022**

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**NOTE 15 – PENSIONS (Continued)**

<b>Retirement and disability</b>	<u><i>Before January 1, 2012</i></u>	<u><i>On or after January 1, 2012 and before July 1, 2017</i></u>	<u><i>On or after July 1, 2017</i></u>
Years of service and age required to receive benefit	20-25 years of service, any age 15 years of service, age 62 10 years, age 62	25 years of service or 15 years of credited service, age 52.5 10 years, age 62	15 years of credited service, age 52.5* 15 or more years of service, age 55
Final average salary is based on	Highest 36 consecutive months of last 20 years	Highest 60 consecutive months of last 20 years	Highest 60 consecutive months of last 15 years
Benefit percent			
Normal retirement	50% less 2% for each year of credited service less than 20 years OR plus 2-2.5% for each year of credited service over 20 years, not to exceed 80%	1.5-2.5% per year of credited service, not to exceed 80%	
Accidental disability retirement		50% or normal retirement, whichever is greater	
Catastrophic disability retirement		90% for the first 60 months then reduced to either 62.5% or normal retirement, whichever is greater	
Ordinary disability retirement		Normal retirement calculated with actual years of credited service or 20 years of credited service, whichever is greater, multiplied by years of credited service (not to exceed 20 years) divided by 20, or 2.5% per year of credited service	
<b>Survivor benefit</b>			
Retired members		80%-100% of retired member's pension benefit	
Active members		80%-100% of accidental disability retirement benefit or 100% of average monthly compensation if death was the result of injuries received on the job	

Retirement and survivor benefits are subject to automatic cost-of-living adjustments based on inflation. PSPRS also provides temporary disability benefits of 50 percent of the member's compensation for up to 12 months.

Health insurance premium benefits are available to retired or disabled members with 5 years of credited service. The benefits are payable only with respect to allowable health insurance premiums for which the member is responsible. Benefits range from \$100 per month to \$260 per month depending on the age of the member and dependents.

**TOWN OF ORO VALLEY, ARIZONA**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2022**

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**NOTE 15 – PENSIONS (Continued)**

**Employees Covered by Benefit Terms.** As of June 30, 2022, the following employees were covered by the agent plan’s benefit terms:

	<u>Police</u>	<u>CORP-Dispatchers</u>
Retirees & beneficiaries	46	6
Inactive, non-retired members	18	4
Active members	75	2
<i>Total</i>	<u>139</u>	<u>12</u>

**Contributions.** State statutes establish the pension contribution requirements for active PSPRS and CORP employees. In accordance with state statutes, annual actuarial valuations determine employer contribution requirements for PSPRS and CORP pension and health insurance premium benefits. The combined active member and employer contribution rates are expected to finance the costs of benefits employees earn during the year, with an additional amount to finance any unfunded accrued liability. Contributions rates for the year ended June 30, 2022, are indicated below. Rates are a percentage of active members’ annual covered payroll.

	<u>PSPRS - Police</u>	<u>CORP - Dispatchers</u>
Active members – pension	7.65% to 11.65%	7.96%
<b>Town:</b>		
Pension	43.57%	79.23%
Health insurance	0.00%	

Employers are also required to pay an Alternate Contribution Rate (ACR), for retired members who return to work in positions that would typically be filled by an employee who contributes to PSPRS or CORP. The Town was required by statute to contribute at the actuarially determined rate of 30.38 percent for the PSPRS and 76.68 percent for the CORP. ACR contributions are included in employer contributions presented above.

**TOWN OF ORO VALLEY, ARIZONA**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2022**

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**NOTE 15 – PENSIONS (Continued)**

The contributions to the pension plans for the year ended June 30, 2022, were:

	<i>Contributions</i>	
	<u><i>PSPRS-Police</i></u>	<u><i>CORP-Dispatchers</i></u>
Pension	\$ 30,216,213	\$ 125,878

The Town’s pension contributions are paid by the same funds as the employee’s salary, with the largest component coming from the General Fund.

**Pension Liability.** As of June 30, 2022, the Town reported the following liabilities.

	<i>Net Liability</i>	
	<u><i>PSPRS-Police</i></u>	<u><i>CORP-Dispatchers</i></u>
Pension	\$ 19,630,665	\$ 1,761,687

The net pension liability was measured as of June 30, 2021. The total liability used to calculate the net liability was determined by an actuarial valuation as of that date. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

**TOWN OF ORO VALLEY, ARIZONA**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2022**

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**NOTE 15 – PENSIONS (Continued)**

**Actuarial Assumptions.** The significant actuarial assumptions used to measure the total pension liability for both the PSPRS and CORP are as follows:

	<u>Pension</u>
Actuarial valuation date	June 30, 2021
Actuarial cost method	Entry age normal
Investment rate of return	7.3%
Projected salary increases	3.5%
Inflation	2.5%
Cost-of-living adjustment	1.75%
Mortality rates	PubS-2010 tables
Healthcare cost trend rate	Not applicable

Actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the 5-year period ended June 30, 2017.

The long-term expected rate of return on PSPRS and CORP plan investments was determined to be 7.30 percent using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of plan investment expenses and inflation) are developed for each major asset class. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Cash - Mellon	1%	-0.31%
Core bonds	2%	0.42%
Other assets (Capital Appreciation)	7%	5.43%
Diversifying strategies	10%	3.99%
International public equity	16%	5.20%
Global private equity	20%	7.67%
Private credit	20%	5.74%
U.S. equity	24%	4.08%
<i>Total</i>	<u>100%</u>	



**TOWN OF ORO VALLEY, ARIZONA**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2022**

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**NOTE 15 – PENSIONS (Continued)**

**Discount Rate.** At June 30, 2021, the discount rate used to measure the total pension liability was 7.3 percent, unchanged from the discount rate used as of June 30, 2020.

The projection of cash flows used to determine the PSPRS and CORP discount rates assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between the actuarially determined contribution rate and the member rate. Based on those assumptions, the plans’ fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments for these plans to determine the total pension liability.

**Sensitivity of the Net Pension Liability to Changes in the Discount Rate.** The following presents the Town’s net pension liability calculated using the discount rates noted above, as well as what the net liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	<i>1% Decrease</i>	<i>Current Discount Rate</i>	<i>1% Increase</i>
	<u>6.3%</u>	<u>7.3%</u>	<u>8.3%</u>
<b>PSPRS-Police:</b>			
Net Pension Liability	\$ 29,898,349	\$ 19,630,665	\$ 11,323,026
<b>CORP-Dispatchers:</b>			
Net Pension Liability	\$ 2,202,314	\$ 1,761,687	\$ 1,398,802

**Plan Fiduciary Net Position.** Detailed information about the plans’ fiduciary net position is available in the separately issued PSPRS and CORP financial report. The report is available on the PSPRS website at [www.psprs.com](http://www.psprs.com).

**TOWN OF ORO VALLEY, ARIZONA**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2022**

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**NOTE 15 – PENSIONS (Continued)**

**Expense.** For the year ended June 30, 2022, the Town recognized the following as pension expense:

	<u><i>PSPRS-Police</i></u>	<u><i>CORP-Dispatchers</i></u>
Pension Expense	\$ 2,210,456	\$ 144,984

**Deferred Outflows/Inflows of Resources.** As of June 30, 2022, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u><i>Deferred Outflows of Resources</i></u>	<u><i>Deferred Inflows of Resources</i></u>
<b>PSPRS-Police:</b>		
Differences between expected and actual experience	\$ 795,930	\$ 654,556
Changes of assumptions or other inputs	1,011,904	-
Net difference between projected and actual earnings on plan investments	-	4,825,397
Contributions subsequent to the measurement date	30,216,213	-
<i>Total</i>	<u>\$ 32,024,047</u>	<u>\$ 5,479,953</u>
<b>CORP-Dispatchers:</b>		
Differences between expected and actual experience	\$ 37,640	\$ -
Changes of assumptions or other inputs	-	-
Net difference between projected and actual earnings on plan investments	-	179,590
Contributions subsequent to the measurement date	125,878	-
<i>Total</i>	<u>\$ 163,518</u>	<u>\$ 179,590</u>

**TOWN OF ORO VALLEY, ARIZONA**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2022**

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**NOTE 15 – PENSIONS (Continued)**

The amounts of deferred outflows of resources resulting from contributions subsequent to the measurement date as reported in the table above will be recognized as an adjustment of the net pension liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30:	<i><b>PSPRS-Police</b></i>	<i><b>CORP-Dispatchers</b></i>
	<i><b>Pension</b></i>	<i><b>Pension</b></i>
2023	\$ (603,970)	\$ (1,204)
2024	(740,696)	(39,342)
2025	(885,506)	(44,467)
2026	(1,345,747)	(56,937)
2027	(96,200)	-
Thereafter	-	-

**REQUIRED SUPPLEMENTARY INFORMATION**

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**TOWN OF ORO VALLEY, ARIZONA**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –**  
**BUDGET AND ACTUAL – GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2022**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Sales taxes	\$ 20,542,707	\$ 20,542,707	\$ 27,048,414	\$ 6,505,707
Franchise taxes	615,000	615,000	756,388	141,388
Intergovernmental	21,139,713	21,139,713	22,998,492	1,858,779
Licenses, fees and permits	1,849,000	1,849,000	2,390,080	541,080
Fines, forfeitures and penalties	125,000	125,000	132,636	7,636
Charges for services	2,387,776	2,387,776	2,658,852	271,076
Investment income:				
Interest	150,000	150,000	195,873	45,873
Net increase in fair value of investments	-	-	(950,398)	(950,398)
Other	264,000	264,000	269,342	5,342
<i>Total Revenues</i>	<u>47,073,196</u>	<u>47,073,196</u>	<u>55,499,679</u>	<u>8,426,483</u>
<b>EXPENDITURES</b>				
General government:				
General government	13,839,484	13,839,484	12,782,733	1,056,751
Town council	188,720	188,720	192,015	(3,295)
Town clerk	383,833	383,833	375,998	7,835
Town manager	1,115,224	1,115,224	1,074,628	40,596
Human Resources	535,390	535,390	480,630	54,760
Finance	979,655	979,655	936,561	43,094
Innovation and technology	4,078,783	4,078,783	3,778,957	299,826
Legal services	902,754	902,754	894,601	8,153
Community and economic development	3,044,614	3,044,614	2,902,055	142,559
Magistrate Court	914,796	914,796	822,427	92,369
Public works	4,077,336	4,077,336	4,204,919	(127,583)
Public safety:				
Police	18,131,000	18,131,000	17,483,890	647,110
Transit:				
Transit	1,259,955	1,259,955	1,328,131	(68,176)
Culture and recreation:				
Parks and recreation	3,305,861	3,305,861	3,324,879	(19,018)
Debt service				
Principal	-	-	46,927	(46,927)
Interest	-	-	2,866	(2,866)
Total debt service	<u>-</u>	<u>-</u>	<u>49,793</u>	<u>(49,793)</u>
Capital outlay	1,095,175	1,095,175	622,749	472,426
Contingency	5,000,000	5,000,000	-	5,000,000
<i>Total Expenditures</i>	<u>58,852,580</u>	<u>58,852,580</u>	<u>51,254,966</u>	<u>7,597,614</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	(11,779,384)	(11,779,384)	4,244,713	16,024,097
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	(7,408,264)	(7,408,264)	(6,262,832)	1,145,432
<i>Total Other Financing Sources (Uses)</i>	<u>(7,408,264)</u>	<u>(7,408,264)</u>	<u>(6,262,832)</u>	<u>1,145,432</u>
<b>NET CHANGE IN FUND BALANCE</b>	(19,187,648)	(19,187,648)	(2,018,119)	17,169,529
<b>FUND BALANCE, Beginning of year</b>	<u>-</u>	<u>-</u>	<u>32,408,542</u>	<u>32,408,542</u>
<b>FUND BALANCE, End of year</b>	<u>\$ (19,187,648)</u>	<u>\$ (19,187,648)</u>	<u>\$ 30,390,423</u>	<u>\$ 49,578,071</u>

See notes to required supplementary information

**TOWN OF ORO VALLEY, ARIZONA**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –  
BUDGET AND ACTUAL – COMMUNITY CENTER FUND**

*FOR THE YEAR ENDED JUNE 30, 2022*

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Sales taxes	\$ 2,932,798	\$ 2,932,798	\$ 3,535,507	\$ 602,709
Charges for services	4,339,467	4,339,467	5,964,727	1,625,260
Investment income:				
Interest	1,000	1,000	28,785	27,785
Net decrease in fair value of investments	-	-	(193,826)	(193,826)
Other	125,000	125,000	160,532	35,532
<i>Total Revenues</i>	<u>7,398,265</u>	<u>7,398,265</u>	<u>9,495,725</u>	<u>2,097,460</u>
<b>EXPENDITURES</b>				
Current:				
Culture and recreation	5,788,109	5,788,109	5,847,580	(59,471)
Capital outlay	132,500	132,500	139,003	(6,503)
Debt service:				
Principal retirement	-	-	15,736	(15,736)
Interest and fiscal charges	-	-	1,345	(1,345)
Contingency	250,000	250,000	-	250,000
<i>Total Expenditures</i>	<u>6,170,609</u>	<u>6,170,609</u>	<u>6,003,664</u>	<u>166,945</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	1,227,656	1,227,656	3,492,061	2,264,405
<b>OTHER FINANCING SOURCES (USES)</b>				
Insurance recoveries	-	-	7,262	7,262
Transfers out	(1,868,519)	(1,868,519)	(315,658)	1,552,861
Total other financing sources (uses)	<u>(1,868,519)</u>	<u>(1,868,519)</u>	<u>(308,396)</u>	<u>1,560,123</u>
<b>NET CHANGE IN FUND BALANCE</b>	(640,863)	(640,863)	3,183,665	3,824,528
<b>FUND BALANCE, Beginning of year</b>	<u>-</u>	<u>-</u>	<u>2,676,793</u>	<u>2,676,793</u>
<b>FUND BALANCE, End of year</b>	<u>\$ (640,863)</u>	<u>\$ (640,863)</u>	<u>\$ 5,860,458</u>	<u>\$ 6,501,321</u>

See notes to required supplementary information

**TOWN OF ORO VALLEY, ARIZONA**  
**SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**  
**ARIZONA STATE RETIREMENT SYSTEM**  
**LAST EIGHT FISCAL YEARS**

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	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Measurement date	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
Town's proportion of the net pension (assets) liability	0.12%	0.12%	0.13%	0.13%	0.12%
Town's proportionate share of the net pension (assets) liability	\$ 15,876,526	\$ 21,464,093	\$ 18,808,834	\$ 18,237,813	\$ 19,453,870
Town's covered payroll	\$ 14,545,595	\$ 13,793,013	\$ 13,630,224	\$ 13,018,275	\$ 12,193,145
Town's proportionate share of the net pension (assets) liability as a percentage of its covered payroll	109.15%	155.62%	137.99%	140.09%	159.55%
Plan fiduciary net position as a percentage of the total pension liability	78.58%	69.33%	73.24%	73.40%	69.92%
	<u>2017</u>	<u>2016</u>	<u>2015</u>		
Measurement date	June 30, 2016	June 30, 2015	June 30, 2014		
Town's proportion of the net pension (assets) liability	0.12%	0.12%	0.11%		
Town's proportionate share of the net pension (assets) liability	\$ 20,050,356	\$ 18,575,537	\$ 16,642,712		
Town's covered payroll	\$ 11,857,622	\$ 11,826,486	\$ 11,086,887		
Town's proportionate share of the net pension (assets) liability as a percentage of its covered payroll	169.09%	157.07%	150.11%		
Plan fiduciary net position as a percentage of the total pension liability	67.06%	68.35%	69.49%		

**Note:** The pension schedules in the required supplementary information are intended to show information for ten years, and additional information will be displayed as it becomes available.

**See notes to required supplementary information**

**TOWN OF ORO VALLEY, ARIZONA**  
**SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS**  
**PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM - POLICE**  
**LAST EIGHT FISCAL YEARS**

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Measurement date	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
<b>Total pension liability</b>				
Service cost	\$ 1,359,359	\$ 1,418,920	\$ 1,552,240	\$ 1,515,028
Interest	4,928,984	4,573,136	4,264,774	3,922,057
Changes of benefit terms	-	-	-	-
Differences between expected and actual experience	(577,199)	1,073,763	(303,721)	136,020
Changes of assumptions or other inputs	-	-	1,627,934	-
Benefit payments, including refunds of employee contributions	(2,159,116)	(2,104,146)	(1,884,430)	(1,588,615)
<b>Net change in total pension liability</b>	<u>3,552,028</u>	<u>4,961,673</u>	<u>5,256,797</u>	<u>3,984,490</u>
<b>Total pension liability—beginning</b>	<u>67,240,526</u>	<u>62,278,853</u>	<u>57,022,056</u>	<u>53,037,566</u>
<b>Total pension liability—ending</b>	<u>\$ 70,792,554</u>	<u>\$ 67,240,526</u>	<u>\$ 62,278,853</u>	<u>\$ 57,022,056</u>
<b>Plan fiduciary net position</b>				
Contributions—employer	\$ 3,343,850	\$ 3,072,830	\$ 2,624,761	\$ 1,278,293
Contributions—employee	554,204	563,652	575,136	622,233
Net investment income	10,961,057	479,186	1,843,370	2,159,685
Benefit payments, including refunds of employee contributions	(2,159,116)	(2,104,146)	(1,884,430)	(1,588,615)
Administrative expense	(51,282)	(39,077)	(33,037)	(33,570)
Other	5,595	(52,206)	31,984	107,852
<b>Net change in plan fiduciary net position</b>	<u>12,654,308</u>	<u>1,920,239</u>	<u>3,157,784</u>	<u>2,545,878</u>
<b>Plan fiduciary net position—beginning</b>	<u>38,507,581</u>	<u>36,587,342</u>	<u>33,429,558</u>	<u>30,883,680</u>
<b>Plan fiduciary net position—ending</b>	<u>\$ 51,161,889</u>	<u>\$ 38,507,581</u>	<u>\$ 36,587,342</u>	<u>\$ 33,429,558</u>
<b>Net pension (assets) liability—ending</b>	<u>\$ 19,630,665</u>	<u>\$ 28,732,945</u>	<u>\$ 25,691,511</u>	<u>\$ 23,592,498</u>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	72.27%	57.27%	58.75%	58.63%
<b>Covered payroll</b>	\$ 7,265,499	\$ 6,672,512	\$ 6,942,593	\$ 7,209,721
<b>Net pension (assets) liability as a percentage of covered payroll</b>	270.19%	430.62%	370.06%	327.23%

**Note:** The pension schedules in the required supplementary information are intended to show information for ten years, and additional information will be displayed as it becomes available.

**See notes to required supplementary information**

<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
\$ 1,638,736	\$ 1,363,768	\$ 1,224,807	\$ 1,157,832
3,615,210	3,185,633	2,842,514	2,408,825
435,327	3,164,555	-	444,387
247,905	(548,533)	1,312,293	(356,776)
747,786	1,902,904	-	3,014,125
(2,061,668)	(1,106,968)	(1,049,346)	(1,304,993)
4,623,296	7,961,359	4,330,268	5,363,400
48,414,270	40,452,911	36,122,643	30,759,243
<u>\$ 53,037,566</u>	<u>\$ 48,414,270</u>	<u>\$ 40,452,911</u>	<u>\$ 36,122,643</u>
\$ 1,811,735	\$ 1,505,274	\$ 1,669,125	\$ 1,211,218
905,024	840,020	794,478	698,036
3,228,386	154,181	874,562	2,774,126
(2,061,668)	(1,106,968)	(1,049,346)	(1,304,993)
(28,966)	(22,586)	(21,722)	(22,342)
19,066	38,225	93,803	(93,142)
3,873,577	1,408,146	2,360,900	3,262,903
27,010,103	25,601,957	23,241,057	19,978,154
<u>\$ 30,883,680</u>	<u>\$ 27,010,103</u>	<u>\$ 25,601,957</u>	<u>\$ 23,241,057</u>
<u>\$ 22,153,886</u>	<u>\$ 21,404,167</u>	<u>\$ 14,850,954</u>	<u>\$ 12,881,586</u>
58.23%	55.79%	63.29%	64.34%
\$ 7,199,177	\$ 7,355,092	\$ 7,004,292	\$ 6,021,786
307.73%	291.01%	212.03%	213.92%

**TOWN OF ORO VALLEY, ARIZONA**  
**SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS**  
**PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM - DISPATCHERS**  
**LAST EIGHT FISCAL YEARS**

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Measurement date	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
<b>Total pension liability</b>				
Service cost	\$ 22,257	\$ 22,224	\$ 30,922	\$ 34,542
Interest	242,038	233,081	215,182	223,773
Changes of benefit terms	-	-	-	(175,686)
Differences between expected and actual experience	75,279	18,688	124,217	(73,061)
Changes of assumptions or other inputs	-	-	61,495	-
Benefit payments, including refunds of employee contributions	(163,212)	(139,459)	(136,724)	(141,910)
<b>Net change in total pension liability</b>	<u>176,362</u>	<u>134,534</u>	<u>295,092</u>	<u>(132,342)</u>
<b>Total pension liability—beginning</b>	<u>3,374,933</u>	<u>3,240,399</u>	<u>2,945,307</u>	<u>3,077,649</u>
<b>Total pension liability—ending</b>	<u>\$ 3,551,295</u>	<u>\$ 3,374,933</u>	<u>\$ 3,240,399</u>	<u>\$ 2,945,307</u>
<b>Plan fiduciary net position</b>				
Contributions—employer	\$ 138,372	\$ 122,322	\$ 120,338	\$ 87,566
Contributions—employee	14,583	16,244	16,099	15,976
Net investment income	387,481	38,182	71,209	89,317
Benefit payments, including refunds of employee contributions	(163,212)	(139,459)	(136,724)	(141,910)
Administrative expense	(1,786)	(1,478)	(1,971)	(2,051)
Other	-	(264)	-	(24)
<b>Net change in plan fiduciary net position</b>	<u>375,438</u>	<u>35,547</u>	<u>68,951</u>	<u>48,874</u>
<b>Plan fiduciary net position—beginning</b>	<u>1,414,170</u>	<u>1,378,623</u>	<u>1,309,672</u>	<u>1,260,798</u>
<b>Plan fiduciary net position—ending</b>	<u>\$ 1,789,608</u>	<u>\$ 1,414,170</u>	<u>\$ 1,378,623</u>	<u>\$ 1,309,672</u>
<b>Net pension (assets) liability—ending</b>	<u>\$ 1,761,687</u>	<u>\$ 1,960,763</u>	<u>\$ 1,861,776</u>	<u>\$ 1,635,635</u>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	50.39%	41.90%	42.54%	44.47%
<b>Covered payroll</b>	\$ 180,822	\$ 210,542	\$ 202,262	\$ 201,687
<b>Net pension (assets) liability as a percentage of covered payroll</b>	974.27%	931.29%	920.48%	810.98%

**NOTE:** The pension schedules in the required supplementary information are intended to show information for ten years, and additional information will be displayed as it becomes available.

**See notes to required supplementary information**

<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
\$ 32,541	\$ 32,257	\$ 52,754	\$ 53,985
185,568	182,053	174,403	154,443
395,457	14,504	-	29,545
(12,524)	(12,392)	14,554	(48,767)
85,035	64,514	-	174,536
<u>(132,788)</u>	<u>(119,180)</u>	<u>(148,851)</u>	<u>(68,874)</u>
553,289	161,756	92,860	294,868
2,524,360	2,362,604	2,269,744	1,974,876
<u>\$ 3,077,649</u>	<u>\$ 2,524,360</u>	<u>\$ 2,362,604</u>	<u>\$ 2,269,744</u>
\$ 77,331	\$ 52,583	\$ 64,005	\$ 63,179
18,502	18,982	30,272	32,699
136,094	7,237	45,101	146,441
(132,788)	(119,180)	(148,851)	(68,874)
(1,591)	(1,423)	(1,490)	(1,151)
<u>(8)</u>	<u>(8)</u>	<u>(926)</u>	<u>-</u>
97,540	(41,809)	(11,889)	172,294
1,163,258	1,205,067	1,216,956	1,044,662
<u>\$ 1,260,798</u>	<u>\$ 1,163,258</u>	<u>\$ 1,205,067</u>	<u>\$ 1,216,956</u>
<u>\$ 1,816,851</u>	<u>\$ 1,361,102</u>	<u>\$ 1,157,537</u>	<u>\$ 1,052,788</u>
40.97%	46.08%	51.01%	53.62%
\$ 233,934	\$ 245,274	\$ 380,303	\$ 387,839
776.65%	554.93%	304.37%	271.45%

**TOWN OF ORO VALLEY, ARIZONA**  
**SCHEDULE OF PENSION CONTRIBUTIONS - ALL PENSION PLANS**  
**LAST EIGHT FISCAL YEARS**

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
<b>Arizona State Retirement System:</b>				
Actuarially determined contribution	\$ 1,746,926	\$ 1,574,068	\$ 1,579,300	\$ 1,523,859
Contributions in relation to the actuarially determined contribution	<u>1,746,926</u>	<u>1,574,068</u>	<u>1,579,300</u>	<u>1,523,859</u>
Contribution deficiency (excess)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Town's covered payroll	\$ 14,545,595	\$ 13,511,313	\$ 13,793,013	\$ 13,630,224
Contributions as a percentage of covered payroll	12.01%	11.65%	11.45%	11.18%
<b>Public Safety Personnel Retirement System - Police:</b>				
Actuarially determined contribution	\$ 3,165,578	\$ 2,572,830	\$ 2,552,903	\$ 2,548,626
Contributions in relation to the actuarially determined contribution	<u>3,021,623</u>	<u>3,072,830</u>	<u>3,052,903</u>	<u>2,548,626</u>
Contribution deficiency (excess)	<u>(27,050,635)</u>	<u>(500,000)</u>	<u>(500,000)</u>	<u>-</u>
Town's covered payroll	\$ 7,265,499	\$ 6,181,716	\$ 6,672,512	\$ 6,942,593
Contributions as a percentage of covered payroll	43.57%	41.62%	38.26%	36.71%
<b>Public Safety Personnel Retirement System - Dispatchers</b>				
Actuarially determined contribution	\$ 125,878	\$ 136,575	\$ 126,199	\$ 124,108
Contributions in relation to the actuarially determined contribution	<u>125,878</u>	<u>136,575</u>	<u>126,199</u>	<u>124,108</u>
Contribution deficiency (excess)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Town's covered payroll	\$ 158,877	\$ 180,822	\$ 210,542	\$ 202,262
Contributions as a percentage of covered payroll	79.23%	75.53%	59.94%	61.36%

**NOTE:** The pension schedules in the required supplementary information are intended to show information for ten years, and additional information will be displayed as it becomes available.

**See notes to required supplementary information**

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<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
\$ 1,418,992	\$ 1,314,421	\$ 1,286,552	\$ 1,207,362
<u>1,418,992</u>	<u>1,314,421</u>	<u>1,286,552</u>	<u>1,207,362</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
\$ 13,018,275	\$ 12,193,145	\$ 11,857,622	\$ 11,826,486
10.90%	10.78%	10.85%	10.21%
\$ 2,485,191	\$ 1,679,568	\$ 1,554,131	\$ 1,354,630
<u>2,485,191</u>	<u>1,679,568</u>	<u>1,554,131</u>	<u>1,354,630</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
\$ 7,209,721	\$ 7,199,177	\$ 7,355,092	\$ 7,004,292
34.47%	23.33%	21.13%	19.34%
\$ 87,996	\$ 77,830	\$ 54,083	\$ 64,005
<u>87,996</u>	<u>77,830</u>	<u>54,083</u>	<u>64,005</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
\$ 201,687	\$ 233,934	\$ 245,274	\$ 380,303
43.63%	33.27%	22.05%	16.83%

**TOWN OF ORO VALLEY, ARIZONA**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**FOR THE YEAR ENDED JUNE 30, 2022**

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**NOTE 1 – BUDGETARY BASIS OF ACCOUNTING**

The Town budget is prepared on a basis consistent with accounting principles generally accepted in the United States of America.

**NOTE 2 – PENSION SCHEDULES**

**Actuarial Assumptions for Valuations Performed.** The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated, which is the most recent actuarial valuation. The actuarial assumptions used are disclosed in the notes to the financial statements.

**Factors that Affect Trends.** The actuarial assumptions used in the June 30, 2020, valuation for ASRS were based on the results of an actuarial experience study for the five-year period ended June 30, 2020. The purpose of the experience study was to review actual experience in relation to the actuarial assumptions in effect. The ASRS Board adopted the experience study recommended changes which were applied to the June 30, 2020, actuarial valuation.

The actuarial assumptions used in the June 30, 2020, valuation for PSPRS were based on the results of an actuarial experience study for the 5-year period ended June 30, 2017. The purpose of the experience study was to review actual experience in relation to the actuarial assumptions in effect. The PSPRS Board adopted the experience study recommended changes which were applied to the June 30, 2018 actuarial valuation. The total liabilities as of June 30, 2021 reflect an assumed investment rate of return of 7.3 percent and updated mortality rates.

Arizona courts have ruled that provisions of a 2011 law that changed the mechanism for funding permanent pension benefit increases and increased employee pension contribution rates were unconstitutional or a breach of contract because those provisions apply to individuals who were members as of the law's effective date. As a result, the PSPRS changed benefit terms to reflect the prior mechanism for funding permanent benefit increases for those members and revised actuarial assumptions to explicitly value future permanent benefit increases. PSPRS also reduced those members' employee contribution rates. These changes are reflected in the plan's or plans' pension liabilities for fiscal year 2015 (measurement date 2014) for members who were retired as of the law's effective date and fiscal year 2018 (measurement date 2017) for members who retired or will retire after the law's effective date. These changes also increased the PSPRS-required contributions beginning in fiscal year 2016 for members who were retired as of the law's effective date. These changes increased the PSPRS-required contributions beginning in fiscal year 2019 for members who retired or will retire after the law's effective date.

**COMBINING AND INDIVIDUAL  
FUND FINANCIAL STATEMENTS  
AND SCHEDULES**

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**GOVERNMENTAL FUNDS**

**TOWN OF ORO VALLEY, ARIZONA**  
**COMBINING BALANCE SHEET - ALL NON-MAJOR GOVERNMENTAL FUNDS - BY FUND TYPE**  
**JUNE 30, 2022**

	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total Non-Major Governmental Funds</u>
<b><u>ASSETS</u></b>				
Cash and investments	\$ 1,365,672	\$ -	\$ 3,453,986	\$ 4,819,658
Interest receivable	39	-	14,872	14,911
Intergovernmental receivable	468,373	-	70,000	538,373
Prepaid items	1,050	-	-	1,050
<b>Total Assets</b>	<b>\$ 1,835,134</b>	<b>\$ -</b>	<b>\$ 3,538,858</b>	<b>\$ 5,373,992</b>
<b><u>LIABILITIES AND FUND BALANCES</u></b>				
<b>Liabilities:</b>				
Accounts payable	\$ 182,036	\$ -	\$ 23,373	\$ 205,409
Unearned revenue	-	-	43,780	43,780
<b>Total Liabilities</b>	<b>182,036</b>	<b>-</b>	<b>67,153</b>	<b>249,189</b>
<b>Fund balances:</b>				
Restricted	1,653,098	-	3,455,088	5,108,186
Committed	-	-	16,617	16,617
<b>Total Fund Balances</b>	<b>1,653,098</b>	<b>-</b>	<b>3,471,705</b>	<b>5,124,803</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 1,835,134</b>	<b>\$ -</b>	<b>\$ 3,538,858</b>	<b>\$ 5,373,992</b>

**TOWN OF ORO VALLEY, ARIZONA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**- ALL NON-MAJOR GOVERNMENTAL FUNDS - BY FUND TYPE**  
**YEAR ENDED JUNE 30, 2022**

	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total Non-Major Governmental Funds</u>
<b>REVENUES</b>				
Development impact fees	\$ -	\$ -	\$ 605,406	\$ 605,406
Charges for Services			28,125	28,125
Intergovernmental	4,180,837	-	70,000	4,250,837
Licenses, fees and permits	28,838	-	-	28,838
Fines, forfeitures and penalties	100,592	-	-	100,592
Investment income:				
Interest	14,102	20	17,713	31,835
Net decrease in fair value of investments	(31,245)	(124)	(121,666)	(153,035)
Other	7,260	-	11,218	18,478
<i>Total Revenues</i>	<u>4,300,384</u>	<u>(104)</u>	<u>610,796</u>	<u>4,911,076</u>
<b>EXPENDITURES</b>				
Current:				
Public safety	157,142	-	-	157,142
Highway and streets	1,779,889	-	-	1,779,889
Capital outlay	2,320,043	-	751,291	3,071,334
<i>Total Expenditures</i>	<u>4,257,074</u>	<u>-</u>	<u>751,291</u>	<u>5,008,365</u>
<b>REVENUES OVER/ (UNDER) EXPENDITURES</b>	43,310	(104)	(140,495)	(97,289)
<b>OTHER FINANCING SOURCES/(USES)</b>				
Transfers in/(out)	100,000	(4,090)	(117,750)	(21,840)
<i>Total Other Financing Sources (Uses)</i>	<u>100,000</u>	<u>(4,090)</u>	<u>(117,750)</u>	<u>(21,840)</u>
<b>NET CHANGE IN FUND BALANCES</b>	143,310	(4,194)	(258,245)	(119,129)
<b>FUND BALANCES, Beginning of year</b>	<u>1,509,788</u>	<u>4,194</u>	<u>3,729,950</u>	<u>5,243,932</u>
<b>FUND BALANCES, End of year</b>	<u>\$ 1,653,098</u>	<u>\$ -</u>	<u>\$ 3,471,705</u>	<u>\$ 5,124,803</u>

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## **SPECIAL REVENUE FUNDS**

The Special Revenue Funds account for the proceeds of specific revenue sources, other than major capital projects, that are legally restricted to expenditures for specified purposes.

**Highway User Revenue** – accounts for the Town’s share of motor fuel tax revenues.

**Grants and Contributions** – accounts for Town grant revenues.

**State Seizures and Forfeitures** – accounts for state police seizures and forfeitures received by the Town.

**Federal Seizures and Forfeitures** – accounts for federal police seizures and forfeitures received by the Town.

**TOWN OF ORO VALLEY, ARIZONA**  
**COMBINING BALANCE SHEET - NON-MAJOR SPECIAL REVENUE FUNDS**  
**JUNE 30, 2022**

	<u>HURF</u>	<u>Grants and Contributions</u>	<u>State Seizures and Forfeitures</u>	<u>Federal Seizures and Forfeitures</u>	<u>Totals</u>
<b><u>ASSETS</u></b>					
Cash and investments	\$ 930,026	\$ 177,860	\$ 144,107	\$ 113,679	\$ 1,365,672
Interest receivable	-	39	-	-	39
Intergovernmental receivable	414,254	54,119	-	-	468,373
Prepaid items	1,050	-	-	-	1,050
<b>Total Assets</b>	<b><u>\$ 1,345,330</u></b>	<b><u>\$ 232,018</u></b>	<b><u>\$ 144,107</u></b>	<b><u>\$ 113,679</u></b>	<b><u>\$ 1,835,134</u></b>
<b><u>LIABILITIES AND FUND BALANCES</u></b>					
<b>Liabilities:</b>					
Accounts payable	\$ 138,345	\$ 23,768	\$ -	\$ 19,923	\$ 182,036
<b>Total Liabilities</b>	<b><u>138,345</u></b>	<b><u>23,768</u></b>	<b><u>-</u></b>	<b><u>19,923</u></b>	<b><u>182,036</u></b>
<b>Fund balances:</b>					
Restricted	1,206,985	208,250	144,107	93,756	1,653,098
<b>Total Fund Balances</b>	<b><u>1,206,985</u></b>	<b><u>208,250</u></b>	<b><u>144,107</u></b>	<b><u>93,756</u></b>	<b><u>1,653,098</u></b>
<b>Total Liabilities and Fund Balances</b>	<b><u>\$ 1,345,330</u></b>	<b><u>\$ 232,018</u></b>	<b><u>\$ 144,107</u></b>	<b><u>\$ 113,679</u></b>	<b><u>\$ 1,835,134</u></b>

**TOWN OF ORO VALLEY, ARIZONA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**- NON-MAJOR SPECIAL REVENUE FUNDS**  
**YEAR ENDED JUNE 30, 2022**

	<u>HURF</u>	<u>Grants and Contributions</u>	<u>State Seizures and Forfeitures</u>	<u>Federal Seizures and Forfeitures</u>	<u>Totals</u>
<b>REVENUES</b>					
Intergovernmental	\$ 3,979,751	\$ 201,086	\$ -	\$ -	\$ 4,180,837
Licenses, fees and permits	28,838	-	-	-	28,838
Fines, forfeitures and penalties	-	-	19,424	81,168	100,592
Investment income:					
Interest	12,557	123	1,053	369	14,102
Net decrease in fair value of investments	(28,860)	(2,385)	-	-	(31,245)
Other	7,260	-	-	-	7,260
<i>Total Revenues</i>	<u>3,999,546</u>	<u>198,824</u>	<u>20,477</u>	<u>81,537</u>	<u>4,300,384</u>
<b>EXPENDITURES</b>					
Current:					
Public safety	-	26,181	113,605	17,356	157,142
Highway and streets	1,779,889	-	-	-	1,779,889
Capital outlay	2,255,650	64,393	-	-	2,320,043
<i>Total Expenditures</i>	<u>4,035,539</u>	<u>90,574</u>	<u>113,605</u>	<u>17,356</u>	<u>4,257,074</u>
<b>OTHER FINANCING SOURCES</b>					
Transfers in	-	100,000	-	-	100,000
<b>NET CHANGE IN FUND BALANCES</b>	(35,993)	208,250	(93,128)	64,181	143,310
<b>FUND BALANCES, Beginning of year</b>	<u>1,242,978</u>	<u>-</u>	<u>237,235</u>	<u>29,575</u>	<u>1,509,788</u>
<b>FUND BALANCES, End of year</b>	<u>\$ 1,206,985</u>	<u>\$ 208,250</u>	<u>\$ 144,107</u>	<u>\$ 93,756</u>	<u>\$ 1,653,098</u>

**TOWN OF ORO VALLEY, ARIZONA**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**BUDGET AND ACTUAL - NON-MAJOR SPECIAL REVENUE FUNDS**  
*YEAR ENDED JUNE 30, 2022*

	<i>HURF</i>		
	<u>Budget</u>	<u>Actual</u>	<u>Variance with Budget</u>
<b>REVENUES</b>			
Intergovernmental	\$ 3,614,922	\$ 3,979,751	\$ 364,829
Licenses, fees and permits	25,000	28,838	3,838
Fines, forfeitures and penalties	-	-	-
Investment income:			
Interest	6,000	12,557	6,557
Net decrease in fair value of investments	-	(28,860)	(28,860)
Other	2,000	7,260	5,260
<i>Total Revenues</i>	<u>3,647,922</u>	<u>3,999,546</u>	<u>351,624</u>
<b>EXPENDITURES</b>			
Current:			
Public safety	-	-	-
Highway and streets	1,825,525	1,779,889	45,636
Capital outlay	2,265,000	2,255,650	9,350
Contingency	200,000	-	200,000
<i>Total Expenditures</i>	<u>4,290,525</u>	<u>4,035,539</u>	<u>254,986</u>
<b>OTHER FINANCING SOURCES</b>			
Transfers in	-	-	-
<b>NET CHANGE IN FUND BALANCE</b>	<u>(642,603)</u>	<u>(35,993)</u>	<u>606,610</u>
<b>FUND BALANCE, Beginning of year</b>	<u>-</u>	<u>1,242,978</u>	<u>1,242,978</u>
<b>FUND BALANCE, End of year</b>	<u>\$ (642,603)</u>	<u>\$ 1,206,985</u>	<u>\$ 1,849,588</u>

<i>Grants and Contributions</i>			<i>State Seizures and Forfeitures</i>		
<u>Budget</u>	<u>Actual</u>	<u>Variance with Budget</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance with Budget</u>
\$ 454,250	\$ 201,086	\$ (253,164)	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	275,000	19,424	(255,576)
-	123	123	2,000	1,053	(947)
-	(2,385)	(2,385)	-	-	-
1,500,000	-	(1,500,000)	-	-	-
<u>1,954,250</u>	<u>198,824</u>	<u>(1,755,426)</u>	<u>277,000</u>	<u>20,477</u>	<u>(256,523)</u>
1,612,250	26,181	1,586,069	98,000	113,605	(15,605)
-	-	-	-	-	-
342,000	64,393	277,607	-	-	-
100,000	-	100,000	125,000	-	125,000
<u>2,054,250</u>	<u>90,574</u>	<u>1,963,676</u>	<u>223,000</u>	<u>113,605</u>	<u>109,395</u>
100,000	100,000	-	-	-	-
-	208,250	208,250	54,000	(93,128)	(147,128)
-	-	-	-	237,235	237,235
<u>\$ -</u>	<u>\$ 208,250</u>	<u>\$ 208,250</u>	<u>\$ 54,000</u>	<u>\$ 144,107</u>	<u>\$ 90,107</u>

(Continued)

**TOWN OF ORO VALLEY, ARIZONA**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**- BUDGET AND ACTUAL - NON-MAJOR SPECIAL REVENUE FUNDS**  
**YEAR ENDED JUNE 30, 2022**

	<i>Federal Seizures and Forfeitures</i>			<i>Totals</i>		
	<b>Budget</b>	<b>Actual</b>	<b>Variance with Budget</b>	<b>Budget</b>	<b>Actual</b>	<b>Variance with Budget</b>
<b>REVENUES</b>						
Intergovernmental	\$ -	\$ -	\$ -	\$ 4,069,172	\$ 4,180,837	\$ 111,665
Licenses, fees and permits	-	-	-	25,000	28,838	3,838
Fines, forfeitures and penalties	50,000	81,168	31,168	325,000	100,592	(224,408)
Investment income:						
Interest	-	369	369	8,000	14,102	6,102
Net decrease in fair value of investments	-	-	-	-	(31,245)	(31,245)
Other	-	-	-	1,502,000	7,260	(1,494,740)
<i>Total Revenues</i>	<u>50,000</u>	<u>81,537</u>	<u>31,537</u>	<u>5,929,172</u>	<u>4,300,384</u>	<u>(1,628,788)</u>
<b>EXPENDITURES</b>						
Current:						
Public safety	-	17,356	(17,356)	1,710,250	157,142	1,553,108
Highway and streets	-	-	-	1,825,525	1,779,889	45,636
Capital outlay	-	-	-	2,607,000	2,320,043	286,957
Contingency	125,000	-	125,000	550,000	-	550,000
<i>Total Expenditures</i>	<u>125,000</u>	<u>17,356</u>	<u>107,644</u>	<u>6,692,775</u>	<u>4,166,500</u>	<u>2,435,701</u>
<b>OTHER FINANCING SOURCES</b>						
Transfers in	-	-	-	100,000	100,000	-
<b>NET CHANGE IN FUND BALANCE</b>	<u>(75,000)</u>	<u>64,181</u>	<u>139,181</u>	<u>(663,603)</u>	<u>143,310</u>	<u>806,913</u>
<b>FUND BALANCE, Beginning of year</b>	<u>-</u>	<u>29,575</u>	<u>29,575</u>	<u>-</u>	<u>1,509,788</u>	<u>1,509,788</u>
<b>FUND BALANCE, End of year</b>	<u>\$ (75,000)</u>	<u>\$ 93,756</u>	<u>\$ 168,756</u>	<u>\$ (663,603)</u>	<u>\$ 1,653,098</u>	<u>\$ 2,316,701</u>

## **MUNICIPAL DEBT SERVICE FUNDS**

**Municipal Debt Service** - to account for the payments of debt service on the Series 2010 Excise Tax Revenue Obligations, the Series 2012 Excise Tax Revenue Obligations, the Series 2015 Excise Tax Revenue Refunding Obligations, the Series 2016 Excise Tax Revenue Obligations, the Series 2017 Refunding Excise Tax Revenue Obligations, the Series 2018 Excise Tax Revenue Obligations, the Series 2021 Parks and Recreation Excise Tax Revenue Obligations, and the 2021 Excise Tax PSPRS Pension Obligation Bonds.

**Oracle Road Debt Service** – to account for the special assessment collections and payment of the outstanding Oracle Road bond issue.

**TOWN OF ORO VALLEY, ARIZONA**  
**BALANCE SHEET - NON-MAJOR DEBT SERVICE FUND**  
**JUNE 30, 2022**

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	<i>Oracle Road Debt Service</i>
<b><u>ASSETS</u></b>	
Cash and investments	\$ -
<b><i>Total Assets</i></b>	<b><u><u>\$ -</u></u></b>
<b><u>LIABILITIES AND FUND BALANCES</u></b>	
<b>Liabilities:</b>	
Accounts payable	\$ -
<b><i>Total Liabilities</i></b>	<b><u><u>-</u></u></b>
<b>Fund balances:</b>	
Restricted	-
<b><i>Total Fund Balances</i></b>	<b><u><u>-</u></u></b>
 <b><i>Total Liabilities and Fund Balances</i></b>	 <b><u><u>\$ -</u></u></b>

**TOWN OF ORO VALLEY, ARIZONA**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NON-**  
**MAJOR DEBT SERVICE FUND**  
**YEAR ENDED JUNE 30, 2022**

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	<u><i>Oracle Road Debt Service</i></u>
<b>REVENUES</b>	
Investment income:	
Interest	\$ 20
Net decrease in fair value of investments	(124)
<i>Total Revenues</i>	<u>(104)</u>
<b>EXPENDITURES</b>	
Debt service:	
Principal retirement	-
Interest and fiscal charges	-
<i>Total Expenditures</i>	<u>-</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(104)</u>
<b>OTHER FINANCING USES</b>	
Transfers out	(4,090)
Total other financing uses	<u>(4,090)</u>
<b>NET CHANGE IN FUND BALANCE</b>	(4,194)
<b>FUND BALANCE, Beginning of year</b>	<u>4,194</u>
<b>FUND BALANCE, End of year</b>	<u><u>\$ -</u></u>

**TOWN OF ORO VALLEY, ARIZONA**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**BUDGET AND ACTUAL - ALL DEBT SERVICE FUNDS**  
**YEAR ENDED JUNE 30, 2022**

	<i>Municipal Debt Service</i>		
	<b>Budget</b>	<b>Actual</b>	<b>Variance with Budget</b>
<b>REVENUES</b>			
Intergovernmental	\$ 34,787	\$ 33,289	\$ (1,498)
Investment income:			
Interest	5,000	7,225	2,225
Net decrease in fair value of investments	-	-	-
Other	100,000	95,776	(4,224)
<i>Total Revenues</i>	<u>139,787</u>	<u>136,290</u>	<u>(3,497)</u>
<b>EXPENDITURES</b>			
Current:			
Public safety	17,000,000	17,612,366	(612,366)
Debt service:			
Principal retirement	3,971,586	971,586	3,000,000
Interest and fiscal charges	253,859	553,007	(299,148)
Bond issuance costs	-	362,086	(362,086)
Contingency	100,000	-	100,000
<i>Total Expenditures</i>	<u>21,325,445</u>	<u>19,499,045</u>	<u>1,826,400</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(21,185,658)</u>	<u>(19,362,755)</u>	<u>1,822,903</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Issuance of revenue bonds	17,000,000	17,975,000	975,000
Transfers in (out)	4,087,499	1,386,455	(2,701,044)
Total other financing sources (uses)	<u>21,087,499</u>	<u>19,361,455</u>	<u>(1,726,044)</u>
<b>NET CHANGE IN FUND BALANCE</b>	(98,159)	(1,300)	96,859
<b>FUND BALANCE, Beginning of year</b>	-	165,436	165,436
<b>FUND BALANCE, End of year</b>	<u>\$ (98,159)</u>	<u>\$ 164,136</u>	<u>\$ 262,295</u>

<i>Oracle Road Debt Service</i>			<i>Totals</i>		
<u>Budget</u>	<u>Actual</u>	<u>Variance with Budget</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance with Budget</u>
\$ -	\$ -	\$ -	\$ 34,787	\$ 33,289	\$ (1,498)
-	20	20	5,000	7,245	2,245
-	(124)	(124)	-	(124)	(124)
-	-	-	100,000	95,776	(4,224)
-	(104)	(104)	139,787	136,186	(3,601)
-	-	-	17,000,000	17,612,366	(612,366)
-	-	-	3,971,586	971,586	3,000,000
-	-	-	253,859	553,007	(299,148)
-	-	-	-	362,086	(362,086)
-	-	-	100,000	-	100,000
-	-	-	21,325,445	19,499,045	1,826,400
-	(104)	(104)	(21,185,658)	(19,362,859)	1,822,799
-	-	-	17,000,000	17,975,000	975,000
(6,841)	(4,090)	2,751	4,080,658	1,382,365	(2,698,293)
(6,841)	(4,090)	2,751	21,080,658	19,357,365	(1,723,293)
(6,841)	(4,194)	2,647	(105,000)	(5,494)	99,506
-	4,194	4,194	-	169,630	169,630
\$ (6,841)	\$ -	\$ 6,841	\$ (105,000)	\$ 164,136	\$ 269,136

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## CAPITAL PROJECTS FUNDS

Capital Projects Funds are created to account for the purchase or construction of major capital facilities which are not financed by the general, enterprise, or special revenue funds.

**Townwide Roadway Development Impact Fees** – to account for the collection and capital expenditures of the Townwide Roadway Development Impact Fees.

**General Impact Fees** – accounts for the collection of development impact fees charged for new residential and nonresidential growth to be used for future general government facilities, vehicles, equipment, and other necessary general government infrastructure needed as a result of new growth.

**Townwide Facilities Projects** – accounts for revenues dedicated to improvements to Town parks.

**General Government CIP** – to account for governmental capital asset projects.

**PAG/RTA** - to account for revenues dedicated to Town improvements funded through Pima Association of Governments and the Regional Transportation Authority.

**TOWN OF ORO VALLEY, ARIZONA**  
**COMBINING BALANCE SHEET - NON-MAJOR CAPITAL PROJECTS FUNDS**  
**JUNE 30, 2022**

	<i>Townwide Roadway Development Impact Fees</i>	<i>General Impact Fees</i>	<i>Townwide Facilities Projects</i>	<i>PAG/RTA</i>	<i>Totals</i>
<b><u>ASSETS</u></b>					
Cash and investments	\$ 1,970,306	\$ 640,351	\$ 16,590	\$ 826,739	\$ 3,453,986
Interest receivable	13,162	1,683	27	-	14,872
Intergovernmental receivable	-	-	-	70,000	70,000
<b>Total Assets</b>	<b>\$ 1,983,468</b>	<b>\$ 642,034</b>	<b>\$ 16,617</b>	<b>\$ 896,739</b>	<b>\$ 3,538,858</b>
<b><u>LIABILITIES AND FUND BALANCES</u></b>					
<b>Liabilities:</b>					
Accounts payable	\$ -	\$ -	\$ -	\$ 23,373	\$ 23,373
Unearned revenue	43,780	-	-	-	43,780
<i>Total Liabilities</i>	<u>43,780</u>	<u>-</u>	<u>-</u>	<u>23,373</u>	<u>67,153</u>
<b>Fund balances:</b>					
Restricted	1,939,688	642,034	-	873,366	3,455,088
Committed	-	-	16,617	-	16,617
<i>Total Fund Balances</i>	<u>1,939,688</u>	<u>642,034</u>	<u>16,617</u>	<u>873,366</u>	<u>3,471,705</u>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 1,983,468</b>	<b>\$ 642,034</b>	<b>\$ 16,617</b>	<b>\$ 896,739</b>	<b>\$ 3,538,858</b>

**TOWN OF ORO VALLEY, ARIZONA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**NON-MAJOR CAPITAL PROJECTS FUNDS**  
**YEAR ENDED JUNE 30, 2022**

	<i>Townwide Roadway Development Impact Fees</i>	<i>General Impact Fees</i>	<i>Townwide Facilities Projects</i>	<i>PAG/RTA</i>	<i>Totals</i>
<b>REVENUES</b>					
Development impact fees	\$ 314,412	\$ 290,994	\$ -	\$ -	\$ 605,406
Charges for services	-	-	-	28,125	28,125
Intergovernmental	-	-	-	70,000	70,000
Investment income:					
Interest	10,017	2,638	80	4,978	17,713
Net decrease in fair value of investments	(71,194)	(19,257)	(508)	(30,707)	(121,666)
Other	-	-	-	11,218	11,218
<i>Total Revenues</i>	<u>253,235</u>	<u>274,375</u>	<u>(428)</u>	<u>83,614</u>	<u>610,796</u>
<b>EXPENDITURES</b>					
Capital outlay	292,425	-	-	458,866	751,291
<i>Total Expenditures</i>	<u>292,425</u>	<u>-</u>	<u>-</u>	<u>458,866</u>	<u>751,291</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>					
	<u>(39,190)</u>	<u>274,375</u>	<u>(428)</u>	<u>(375,252)</u>	<u>(140,495)</u>
<b>OTHER FINANCING USES</b>					
Transfers out	-	(117,750)	-	-	(117,750)
<b>NET CHANGE IN FUND BALANCES</b>					
	(39,190)	156,625	(428)	(375,252)	(258,245)
<b>FUND BALANCES, Beginning of year</b>					
	<u>1,978,878</u>	<u>485,409</u>	<u>17,045</u>	<u>1,248,618</u>	<u>3,729,950</u>
<b>FUND BALANCES, End of year</b>					
	<u>\$ 1,939,688</u>	<u>\$ 642,034</u>	<u>\$ 16,617</u>	<u>\$ 873,366</u>	<u>\$ 3,471,705</u>

**TOWN OF ORO VALLEY, ARIZONA**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**BUDGET AND ACTUAL - ALL CAPITAL PROJECTS FUNDS**  
**YEAR ENDED JUNE 30, 2022**

	<i>Townwide Roadway Development Impact Fees</i>		
	<b>Budget</b>	<b>Actual</b>	<b>Variance with Budget</b>
<b>REVENUES</b>			
Development impact fees	\$ 327,190	\$ 314,412	\$ (12,778)
Intergovernmental	-	-	-
Charges for services	-	-	-
Investment income:			
Interest	30,000	10,017	(19,983)
Net decrease in fair value of investments	-	(71,194)	(71,194)
Other	-	-	-
<i>Total Revenues</i>	<u>357,190</u>	<u>253,235</u>	<u>(103,955)</u>
<b>EXPENDITURES</b>			
Current:			
Highway and streets	-	-	-
Culture and recreation	-	-	-
Capital outlay	200,000	292,425	(92,425)
Contingency	250,000	-	250,000
Debt Service:			
Bond issuance costs	-	-	-
<i>Total Expenditures</i>	<u>450,000</u>	<u>292,425</u>	<u>157,575</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(92,810)</u>	<u>(39,190)</u>	<u>53,620</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Issuance of revenue bonds	-	-	-
Premium on bond issuance	-	-	-
Sale of general capital assets	-	-	-
Insurance recoveries	-	-	-
Transfers in (out)	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	(92,810)	(39,190)	53,620
<b>FUND BALANCE, Beginning of year</b>	<u>-</u>	<u>1,978,878</u>	<u>1,978,878</u>
<b>FUND BALANCE, End of year</b>	<u>\$ (92,810)</u>	<u>\$ 1,939,688</u>	<u>\$ 2,032,498</u>

<i>General Impact Fees</i>			<i>Townwide Facilities Projects</i>		
<u>Budget</u>	<u>Actual</u>	<u>Variance with Budget</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance with Budget</u>
\$ 363,367	\$ 290,994	\$ (72,373)	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
5,500	2,638	(2,862)	-	80	80
-	(19,257)	(19,257)	-	(508)	(508)
-	-	-	-	-	-
<u>368,867</u>	<u>274,375</u>	<u>(94,492)</u>	<u>-</u>	<u>(428)</u>	<u>(428)</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
335,442	-	335,442	16,325	-	16,325
-	-	-	-	-	-
<u>335,442</u>	<u>-</u>	<u>335,442</u>	<u>16,325</u>	<u>-</u>	<u>16,325</u>
<u>33,425</u>	<u>274,375</u>	<u>240,950</u>	<u>(16,325)</u>	<u>(428)</u>	<u>15,897</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
(117,750)	(117,750)	-	-	-	-
<u>(117,750)</u>	<u>(117,750)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
(84,325)	156,625	240,950	(16,325)	(428)	15,897
-	485,409	485,409	-	17,045	17,045
<u>\$ (84,325)</u>	<u>\$ 642,034</u>	<u>\$ 726,359</u>	<u>\$ (16,325)</u>	<u>\$ 16,617</u>	<u>\$ 32,942</u>

(Continued)

**TOWN OF ORO VALLEY, ARIZONA**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**BUDGET AND ACTUAL - ALL CAPITAL PROJECTS FUNDS (Continued)**  
**YEAR ENDED JUNE 30, 2022**

	<i>General Government CIP</i>		
	<b>Budget</b>	<b>Actual</b>	<b>Variance with Budget</b>
<b>REVENUES</b>			
Development impact fees	\$ -	\$ -	\$ -
Intergovernmental	-	263,024	263,024
Charges for services	-	741,012	741,012
Investment income:			
Interest	10,000	9,949	(51)
Net decrease in fair value of investments	-	(67,576)	(67,576)
Other	741,010	147,314	(593,696)
<i>Total Revenues</i>	<u>751,010</u>	<u>1,093,723</u>	<u>342,713</u>
<b>EXPENDITURES</b>			
Current:			
Highway and streets	-	-	-
Culture and recreation	215,146	112,234	102,912
Capital outlay	32,864,456	9,712,790	23,151,666
Contingency	250,000	-	250,000
Debt Service:			
Bond issuance costs	-	366,722	(366,722)
<i>Total Expenditures</i>	<u>33,329,602</u>	<u>10,191,746</u>	<u>23,137,856</u>
<b>REVENUES OVER (UNDER)</b>			
<b>EXPENDITURES</b>	<u>(32,578,592)</u>	<u>(9,098,023)</u>	<u>23,480,569</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Issuance of revenue bonds	25,000,000	21,120,000	(3,880,000)
Premium on bond issuance	-	4,247,224	4,247,224
Sale of general capital assets	40,000	150,796	110,796
Insurance recoveries	-	13,695	13,695
Transfers in (out)	5,216,277	5,015,210	(201,067)
<i>Total other financing sources (uses)</i>	<u>30,256,277</u>	<u>30,546,925</u>	<u>290,648</u>
<b>NET CHANGE IN FUND BALANCE</b>	(2,322,315)	21,448,902	23,771,217
<b>FUND BALANCE, Beginning of year</b>	-	2,504,028	2,504,028
<b>FUND BALANCE, End of year</b>	<u>\$ (2,322,315)</u>	<u>\$ 23,952,930</u>	<u>\$ 26,275,245</u>

<i>PAG/RTA</i>			<i>Totals</i>		
<b>Budget</b>	<b>Actual</b>	<b>Variance with Budget</b>	<b>Budget</b>	<b>Actual</b>	<b>Variance with Budget</b>
\$ -	\$ -	\$ -	\$ 690,557	\$ 605,406	\$ (85,151)
675,000	70,000	(605,000)	675,000	333,024	(341,976)
28,125	28,125	-	28,125	769,137	741,012
-	4,978	4,978	45,500	27,662	(17,838)
-	(30,707)	(30,707)	-	(189,242)	(189,242)
-	11,218	11,218	741,010	158,532	(582,478)
<u>703,125</u>	<u>83,614</u>	<u>(619,511)</u>	<u>2,180,192</u>	<u>1,704,519</u>	<u>(475,673)</u>
100,000	-	100,000	100,000	-	100,000
-	-	-	215,146	112,234	102,912
1,375,000	458,866	916,134	34,439,456	10,464,081	23,975,375
-	-	-	851,767	-	851,767
-	-	-	-	366,722	(366,722)
<u>1,475,000</u>	<u>458,866</u>	<u>1,016,134</u>	<u>35,606,369</u>	<u>10,943,037</u>	<u>24,663,332</u>
<u>(771,875)</u>	<u>(375,252)</u>	<u>396,623</u>	<u>(33,426,177)</u>	<u>(9,238,518)</u>	<u>24,187,659</u>
-	-	-	25,000,000	21,120,000	(3,880,000)
-	-	-	-	4,247,224	4,247,224
-	-	-	40,000	150,796	110,796
-	-	-	-	13,695	13,695
-	-	-	5,098,527	4,897,460	(201,067)
-	-	-	<u>30,138,527</u>	<u>30,429,175</u>	<u>290,648</u>
<u>(771,875)</u>	<u>(375,252)</u>	<u>396,623</u>	<u>(3,287,650)</u>	<u>21,190,657</u>	<u>24,478,307</u>
-	1,248,618	1,248,618	-	6,233,978	6,233,978
<u>\$ (771,875)</u>	<u>\$ 873,366</u>	<u>\$ 1,645,241</u>	<u>\$ (3,287,650)</u>	<u>\$ 27,424,635</u>	<u>\$ 30,712,285</u>

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## STATISTICAL SECTION

The statistical section presents financial statement trends as well as detailed financial and operational information not available elsewhere in the report. The statistical section is intended to enhance the reader's understanding of the information presented in the financial statements, notes to the financial statements, and other supplementary information presented in this report. The statistical section is comprised of the five categories of statistical information presented below.

### **Financial Trends**

These schedules contain information on financial trends to help the reader understand how the Town's financial position and financial activities have changed over time.

### **Revenue Capacity**

These schedules contain information to help the reader assess the factors affecting the Town's ability to generate property revenue.

### **Debt Capacity**

These schedules present information to help the reader evaluate the Town's current levels of outstanding debt as well as assess the Town's ability to make debt payments and/or issue additional debt in the future.

### **Demographic and Economic Information**

These schedules present various demographic and economic indicators to help the reader understand the environment in which the Town's financial activities take place and to help make comparisons with other municipalities.

### **Operating Information**

These schedules contain information about the Town's operations and various resources to help the reader draw conclusions as to how the Town's financial information relates to the services provided by the Town.

**Note:** For locally assessed property (i.e., excluding mines, utilities, etc.) Proposition 117, approved by voters in 2012, amended the Arizona Constitution to require that all property taxes after fiscal year 2014-15 be based upon property values limited to five percent in annual growth. The aggregate assessed value of all taxable properties within a taxing jurisdiction (i.e., after applying assessment ratios based on the use of a property), including property values with a growth limit, is currently referred to as net limited assessed value and formerly as primary assessed value. In accordance with Proposition 117, this value is used for all taxing purposes beginning fiscal year 2015-16. Aggregate assessed value without a growth limit is currently referred to as net full cash assessed value and formerly as secondary assessed value. This remains the value utilized for determining debt capacity limits.

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**TOWN OF ORO VALLEY, ARIZONA**  
**NET POSITION BY COMPONENT**  
**LAST TEN FISCAL YEARS (ACCRUAL BASIS OF ACCOUNTING)**

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<b>Governmental Activities:</b>					
Net investment in capital assets	\$ 179,219,389	\$ 184,355,212	\$ 152,604,355	\$ 141,506,384	\$ 137,311,856
Restricted	21,752,087	5,392,323	6,601,283	5,752,355	4,424,244
Unrestricted	1,104,482	335,300	(11,756,943)	(10,619,492)	(11,583,669)
<i>Total governmental activities net position</i>	<u>\$ 202,075,958</u>	<u>\$ 190,082,835</u>	<u>\$ 147,448,695</u>	<u>\$ 136,639,247</u>	<u>\$ 130,152,431</u>
<b>Business-type Activities:</b>					
Net investment in capital assets	\$ 87,969,917	\$ 84,049,866	\$ 76,933,346	\$ 73,170,068	\$ 69,036,006
Unrestricted	27,109,858	27,721,215	25,077,357	23,499,030	21,397,377
<i>Total business-type activities net position</i>	<u>\$ 115,079,775</u>	<u>\$ 111,771,081</u>	<u>\$ 102,010,703</u>	<u>\$ 96,669,098</u>	<u>\$ 90,433,383</u>
<b>Primary Government:</b>					
Net investment in capital assets	\$ 267,189,306	\$ 268,405,078	\$ 229,537,701	\$ 214,676,452	\$ 206,347,862
Restricted	21,752,087	5,392,323	6,601,283	5,752,355	4,424,244
Unrestricted	28,214,340	28,056,515	13,320,414	12,879,538	9,813,708
<i>Total primary government net position</i>	<u>\$ 317,155,733</u>	<u>\$ 301,853,916</u>	<u>\$ 249,459,398</u>	<u>\$ 233,308,345</u>	<u>\$ 220,585,814</u>
<b>Governmental Activities:</b>					
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Net investment in capital assets	\$ 133,414,691	\$ 132,419,826	\$ 133,800,218	\$ 133,714,821	\$ 134,512,094
Restricted	6,006,584	4,653,905	3,599,966	4,555,138	3,730,312
Unrestricted	(15,397,688)	(10,883,206)	(9,493,907)	18,430,146	18,901,112
<i>Total governmental activities net position</i>	<u>\$ 124,023,587</u>	<u>\$ 126,190,525</u>	<u>\$ 127,906,277</u>	<u>\$ 156,700,105</u>	<u>\$ 157,143,518</u>
<b>Business-type Activities:</b>					
Net investment in capital assets	\$ 66,755,370	\$ 61,261,271	\$ 54,858,448	\$ 52,775,561	\$ 48,802,267
Unrestricted	18,721,247	19,504,748	20,092,694	21,541,202	19,501,676
<i>Total business-type activities net position</i>	<u>\$ 85,476,617</u>	<u>\$ 80,766,019</u>	<u>\$ 74,951,142</u>	<u>\$ 74,316,763</u>	<u>\$ 68,303,943</u>
<b>Primary Government:</b>					
Net investment in capital assets	\$ 200,170,061	\$ 193,681,097	\$ 188,658,666	\$ 186,490,382	\$ 183,314,361
Restricted	6,006,584	4,653,905	3,599,966	4,555,138	3,730,312
Unrestricted	3,323,559	8,621,542	10,598,787	39,971,348	38,402,788
<i>Total primary government net position</i>	<u>\$ 209,500,204</u>	<u>\$ 206,956,544</u>	<u>\$ 202,857,419</u>	<u>\$ 231,016,868</u>	<u>\$ 225,447,461</u>

Source: Town of Oro Valley Finance Department

**TOWN OF ORO VALLEY, ARIZONA**  
**CHANGES IN NET POSITION**  
**LAST TEN FISCAL YEARS (ACCRUAL BASIS OF ACCOUNTING)**

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
<b>Expenses</b>										
<b>Governmental activities:</b>										
General government	\$ 28,083,397	\$ 19,633,975	\$ 17,210,855	\$ 14,727,150	\$ 12,639,867	\$ 12,130,905	\$ 11,888,794	\$ 11,533,702	\$ 10,990,007	\$ 9,861,131
Public safety	8,232,307	18,291,873	19,416,010	18,958,436	17,683,197	22,251,172	16,123,500	16,587,168	13,814,914	12,770,224
Highways and streets	10,234,099	11,629,477	10,201,832	10,791,469	7,505,589	9,417,459	9,089,318	9,400,140	8,754,110	9,255,004
Transit	1,267,596	939,341	1,106,750	1,125,490	1,505,341	1,533,258	1,432,910	1,404,646	1,275,093	-
Culture and recreation	10,059,071	9,396,975	9,551,170	9,699,357	10,111,731	10,204,276	9,695,639	4,572,490	3,399,623	2,783,633
Interest on long-term debt	1,149,019	290,251	362,651	355,545	350,404	511,502	494,732	439,027	656,260	522,917
<b>Total governmental activities expenses</b>	<b>59,025,489</b>	<b>60,181,892</b>	<b>57,849,268</b>	<b>55,657,447</b>	<b>49,796,129</b>	<b>56,048,572</b>	<b>48,724,893</b>	<b>43,937,173</b>	<b>38,890,007</b>	<b>35,192,909</b>
<b>Business-type activities:</b>										
Water	16,202,611	16,157,523	15,953,546	15,089,673	15,568,288	14,753,418	14,406,074	13,608,931	13,572,677	13,047,373
Stormwater	1,282,283	1,368,001	1,444,865	1,291,490	1,190,898	1,115,494	917,898	854,510	749,038	983,975
<b>Total business-type activities expenses</b>	<b>17,484,894</b>	<b>17,525,524</b>	<b>17,398,411</b>	<b>16,381,163</b>	<b>16,759,186</b>	<b>15,868,912</b>	<b>15,323,972</b>	<b>14,463,441</b>	<b>14,321,715</b>	<b>14,031,348</b>
<b>Total primary government expenses</b>	<b>\$ 76,510,383</b>	<b>\$ 77,707,416</b>	<b>\$ 75,247,679</b>	<b>\$ 72,038,610</b>	<b>\$ 66,555,315</b>	<b>\$ 71,917,484</b>	<b>\$ 64,048,865</b>	<b>\$ 58,400,614</b>	<b>\$ 53,211,722</b>	<b>\$ 49,224,257</b>
<b>Program Revenues</b>										
<b>Governmental activities:</b>										
<b>Charges for services</b>										
General government	\$ 5,519,724	\$ 6,305,121	\$ 5,205,012	\$ 4,920,132	\$ 5,084,396	\$ 4,901,504	\$ 4,096,927	\$ 3,516,359	\$ 3,978,117	\$ 3,740,046
Public safety	341,334	340,430	157,312	173,488	128,651	138,075	168,808	29,097	35,976	45,346
Highways and streets	378,585	739,936	1,675,929	754,388	1,039,542	1,052,167	764,397	496,098	546,066	1,052,581
Transit	-	463	110,309	138,125	119,536	100,052	88,684	72,783	71,078	-
Culture and recreation	7,033,797	5,236,021	4,391,639	5,014,018	5,096,804	4,611,576	4,373,693	1,108,734	435,354	169,965
<b>Operating grants and contributions</b>	<b>4,040,118</b>	<b>8,171,190</b>	<b>3,621,830</b>	<b>4,669,814</b>	<b>4,949,928</b>	<b>4,664,197</b>	<b>5,503,530</b>	<b>5,070,396</b>	<b>4,706,844</b>	<b>5,318,097</b>
<b>Capital grants and contributions</b>	<b>8,493,664</b>	<b>25,566,365</b>	<b>16,338,347</b>	<b>8,302,441</b>	<b>5,529,831</b>	<b>6,749,407</b>	<b>3,602,656</b>	<b>2,456,727</b>	<b>2,919,641</b>	<b>2,920,335</b>
<b>Total governmental activities program revenues</b>	<b>25,807,222</b>	<b>46,359,527</b>	<b>31,500,378</b>	<b>23,972,406</b>	<b>21,948,688</b>	<b>22,216,978</b>	<b>18,598,695</b>	<b>12,750,194</b>	<b>12,693,076</b>	<b>13,246,370</b>
<b>Business-type activities:</b>										
<b>Charges for services</b>										
Water	18,333,445	18,199,075	20,218,758	17,519,158	19,455,685	18,158,385	16,739,580	16,088,681	19,286,794	16,732,600
Stormwater	1,495,382	1,472,363	1,443,616	1,426,246	1,386,278	1,314,787	828,258	771,594	759,428	813,400
<b>Operating grants and contributions</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>35,000.00</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Capital grants and contributions</b>	<b>1,612,125</b>	<b>7,603,672</b>	<b>169,194</b>	<b>2,899,213</b>	<b>870,920</b>	<b>1,097,285</b>	<b>3,334,372</b>	<b>1,979,037</b>	<b>179,675</b>	<b>48,871</b>
<b>Total business-type activities program revenues</b>	<b>21,440,952</b>	<b>27,275,110</b>	<b>21,831,568</b>	<b>21,844,617</b>	<b>21,712,883</b>	<b>20,570,457</b>	<b>20,937,210</b>	<b>18,839,312</b>	<b>20,225,897</b>	<b>17,594,871</b>
<b>Total primary government program revenues</b>	<b>\$ 47,248,174</b>	<b>\$ 73,634,637</b>	<b>\$ 53,331,946</b>	<b>\$ 45,817,023</b>	<b>\$ 43,661,571</b>	<b>\$ 42,787,435</b>	<b>\$ 39,535,905</b>	<b>\$ 31,589,506</b>	<b>\$ 32,918,973</b>	<b>\$ 30,841,241</b>
<b>Net (expense)/revenue:</b>										
<b>Governmental activities</b>	<b>\$ (33,218,267)</b>	<b>\$ (13,822,365)</b>	<b>\$ (26,348,890)</b>	<b>\$ (31,685,041)</b>	<b>\$ (27,847,441)</b>	<b>\$ (33,831,594)</b>	<b>\$ (30,126,198)</b>	<b>\$ (31,186,979)</b>	<b>\$ (26,196,931)</b>	<b>\$ (21,946,539)</b>
<b>Business-type activities</b>	<b>3,956,058</b>	<b>9,749,586</b>	<b>4,433,157</b>	<b>5,463,454</b>	<b>4,953,697</b>	<b>4,701,545</b>	<b>5,613,238</b>	<b>4,375,871</b>	<b>5,904,182</b>	<b>3,563,523</b>
<b>Total primary government net expense</b>	<b>\$ (29,262,209)</b>	<b>\$ (4,072,779)</b>	<b>\$ (21,915,733)</b>	<b>\$ (26,221,587)</b>	<b>\$ (22,893,744)</b>	<b>\$ (29,130,049)</b>	<b>\$ (24,512,960)</b>	<b>\$ (26,811,108)</b>	<b>\$ (20,292,749)</b>	<b>\$ (18,383,016)</b>

**General Revenues and Other Changes in Net Position**

**Governmental activities:**

Taxes:											
Sales	\$ 30,583,921	\$ 24,056,793	\$ 22,757,403	\$ 22,924,400	\$ 21,664,398	\$ 19,767,720	\$ 16,998,464	\$ 16,132,159	\$ 15,286,001	\$ 14,241,065	
Franchise	756,388	722,700	662,048	635,494	656,664	647,830	621,546	582,064	571,731	539,477	
Unrestricted state revenue sharing	15,081,806	14,435,336	12,638,148	11,879,950	11,577,834	11,177,729	10,549,196	10,413,464	9,636,906	9,048,365	
Investment earnings	(1,181,160)	136,789	1,098,267	1,132,215	74,542	68,435	238,210	216,175	255,702	265,787	
Special item - Capital asset conveyance	-	-	-	-	-	-	-	-	-	(2,606,804)	
Miscellaneous	150,100	-	-	-	-	-	-	-	-	-	
Transfers	(198,665)	2,522	2,472	2,581	2,847	2,942	3,030	3,119	3,178.00	2,319.00	
<b>Total governmental activities</b>	<u>45,192,390</u>	<u>39,354,140</u>	<u>37,158,338</u>	<u>36,574,640</u>	<u>33,976,285</u>	<u>31,664,656</u>	<u>28,410,446</u>	<u>27,346,981</u>	<u>25,753,518</u>	<u>21,490,209</u>	
<b>Business-type activities:</b>											
Investment earnings	(861,433)	59	910,920	774,842	5,916	11,995	204,669	124,887	111,816	5,471	
Miscellaneous	15,404	13,255	-	-	-	-	-	-	-	-	
Transfers	198,665	(2,522)	(2,472)	(2,581)	(2,847)	(2,942)	(3,030)	(3,119)	(3,178)	(2,319)	
<b>Total business-type activities</b>	<u>(647,364)</u>	<u>10,792</u>	<u>908,448</u>	<u>772,261</u>	<u>3,069</u>	<u>9,053</u>	<u>201,639</u>	<u>121,768</u>	<u>108,638</u>	<u>3,152</u>	
<b>Total primary government</b>	<u>\$ 44,545,026</u>	<u>\$ 39,364,932</u>	<u>\$ 38,066,786</u>	<u>\$ 37,346,901</u>	<u>\$ 33,979,354</u>	<u>\$ 31,673,709</u>	<u>\$ 28,612,085</u>	<u>\$ 27,468,749</u>	<u>\$ 25,862,156</u>	<u>\$ 21,493,361</u>	
<b>Change in Net Position</b>											
<b>Governmental activities</b>	11,974,123	25,531,775	10,809,448	4,889,599	6,128,844	(2,166,938)	(1,715,752)	(3,839,998)	(443,413)	(456,330)	
<b>Business-type activities</b>	3,308,694	9,760,378	5,341,605	6,235,715	4,956,766	4,710,598	5,814,877	4,497,639	6,012,820	3,566,675	
<b>Total primary government</b>	<u>\$ 15,282,817</u>	<u>\$ 35,292,153</u>	<u>\$ 16,151,053</u>	<u>\$ 11,125,314</u>	<u>\$ 11,085,610</u>	<u>\$ 2,543,660</u>	<u>\$ 4,099,125</u>	<u>\$ 657,641</u>	<u>\$ 5,569,407</u>	<u>\$ 3,110,345</u>	

Source: Town of Oro Valley Finance Department

**TOWN OF ORO VALLEY, ARIZONA**  
**FUND BALANCES OF GOVERNMENTAL FUNDS**  
**LAST TEN FISCAL YEARS (MODIFIED ACCRUAL BASIS OF ACCOUNTING)**

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
<i>General fund</i>										
Nonspendable	\$ 1,279,770	\$ 204,193	\$ 45,553	\$ 129,504	\$ 141,676	\$ 130,030	\$ 97,269	\$ 31,278	\$ -	\$ -
Committed	12,813,742	9,883,194	10,485,304	13,608,565	-	-	-	-	-	-
Assigned	-	-	-	2,584,994	1,441,862	1,441,862	1,441,862	1,553,999	1,608,035	1,608,035
Unassigned	16,296,912	22,321,155	10,368,691	3,248,602	14,384,104	11,831,322	8,985,422	8,566,598	9,925,988	11,529,070
<i>Total general fund</i>	<u>\$ 30,390,423</u>	<u>\$ 32,408,542</u>	<u>\$ 20,899,548</u>	<u>\$ 19,571,665</u>	<u>\$ 15,967,642</u>	<u>\$ 13,403,214</u>	<u>\$ 10,524,553</u>	<u>\$ 10,151,875</u>	<u>\$ 11,534,023</u>	<u>\$ 13,137,105</u>
<i>All other governmental funds</i>										
Nonspendable	\$ 308,947	\$ 157,497	\$ 73,201	\$ 105,403	\$ 130,202	\$ 132,538	\$ 127,600	\$ 149,348	\$ -	\$ -
Restricted	29,043,570	5,392,323	5,471,396	5,752,355	4,424,244	6,006,584	4,031,923	3,599,966	4,555,138	3,730,312
Committed	5,749,810	2,602,097	805,717	406,247	1,594,293	1,829,232	2,617,856	4,637,773	5,343,506	4,166,818
Assigned	-	2,438,272	2,410,736	3,611,045	2,209,618	1,716,361	1,340,991	1,421,593	1,500,000	-
Unassigned	-	-	-	-	(201,765)	(237,769)	(29,198)	-	-	-
<i>Total all other governmental funds</i>	<u>\$ 35,102,327</u>	<u>\$ 10,590,189</u>	<u>\$ 8,761,050</u>	<u>\$ 9,875,050</u>	<u>\$ 8,156,592</u>	<u>\$ 9,446,946</u>	<u>\$ 8,089,172</u>	<u>\$ 9,808,680</u>	<u>\$ 11,398,644</u>	<u>\$ 7,897,130</u>

Source: Town of Oro Valley Finance Department

**TOWN OF ORO VALLEY, ARIZONA**  
**CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**  
**LAST TEN FISCAL YEARS (MODIFIED ACCRUAL BASIS OF ACCOUNTING)**

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
<b>Revenues</b>										
Taxes	\$ 31,340,309	\$ 24,779,493	\$ 23,419,451	\$ 23,559,894	\$ 22,321,062	\$ 20,415,550	\$ 17,620,010	\$ 16,714,223	\$ 15,857,732	\$ 14,780,542
Intergovernmental	27,545,642	31,780,507	30,840,092	24,375,992	21,634,143	22,118,633	19,488,066	17,714,991	16,732,631	16,817,756
Fines, forfeitures, & penalties	233,228	233,331	183,381	247,283	529,687	558,692	283,470	221,571	673,336	551,962
Licenses, fees, & permits	2,418,918	3,362,933	2,400,899	2,387,832	2,679,690	2,388,951	1,915,992	1,605,937	2,116,700	1,813,947
Charges for services	9,392,716	7,162,259	7,463,179	7,206,705	6,599,847	6,226,578	5,956,058	2,991,826	1,850,181	1,630,238
Contributions & donations	-	-	-	-	133,928	150,000	149,513	-	-	27,229
Special assessments	-	172,640	175,197	174,066	175,854	175,539	189,525	178,078	1,462,307	365,935
Development impact fees	605,406	1,256,426	980,302	1,039,763	1,346,402	1,348,528	795,471	439,637	569,338	988,342
Investment income	(1,091,168)	132,373	1,098,267	1,132,215	74,542	68,435	238,210	216,175	255,702	265,787
Other revenues	691,442	1,024,290	965,588	841,111	576,970	572,886	504,796	141,618	305,489	349,326
<b>Total revenues</b>	<b>\$ 71,136,493</b>	<b>\$ 69,904,252</b>	<b>\$ 67,526,356</b>	<b>\$ 60,964,861</b>	<b>\$ 56,072,125</b>	<b>\$ 54,023,792</b>	<b>\$ 47,141,111</b>	<b>\$ 40,224,056</b>	<b>\$ 39,823,416</b>	<b>\$ 37,591,064</b>
<b>Expenditures</b>										
General government	\$ 28,445,524	\$ 17,610,897	\$ 16,531,008	\$ 14,424,463	\$ 11,998,586	\$ 11,098,844	\$ 11,426,687	\$ 10,862,553	\$ 10,610,673	\$ 9,289,771
Public safety	35,253,398	16,438,199	16,767,994	16,250,498	16,731,963	15,725,029	15,494,532	15,071,396	13,539,322	12,342,349
Highways & streets	1,779,889	1,795,203	1,904,698	2,999,923	3,092,143	2,993,402	2,754,413	2,602,321	3,710,577	3,513,479
Transit	1,328,131	930,687	1,110,444	1,150,322	1,536,294	1,528,654	1,432,910	1,404,646	-	-
Culture & recreation	9,284,693	8,363,664	8,735,394	8,880,611	9,399,598	9,433,339	9,097,752	4,078,817	2,445,131	2,468,129
Capital outlay	13,545,876	9,993,713	20,637,466	15,293,326	10,081,427	9,196,801	7,995,340	8,093,704	5,495,185	11,053,739
Debt service										
Principal	1,034,249	1,146,027	1,262,487	1,124,885	1,304,226	1,075,466	897,637	649,840	1,867,901	571,910
Interest	557,218	290,251	365,454	327,421	356,661	314,914	336,510	436,010	472,268	498,729
Issuance cost on bonds	728,808	-	-	35,000	-	67,959	104,533	-	-	-
<b>Total expenditures</b>	<b>\$ 91,957,786</b>	<b>\$ 56,568,641</b>	<b>\$ 67,314,945</b>	<b>\$ 60,486,449</b>	<b>\$ 54,500,898</b>	<b>\$ 51,434,408</b>	<b>\$ 49,540,314</b>	<b>\$ 43,199,287</b>	<b>\$ 38,141,057</b>	<b>\$ 39,738,106</b>
<b>Excess of revenues over (under) expenditures</b>	<b>\$ (20,821,293)</b>	<b>\$ 13,335,611</b>	<b>\$ 211,411</b>	<b>\$ 478,412</b>	<b>\$ 1,571,227</b>	<b>\$ 2,589,384</b>	<b>\$ (2,399,203)</b>	<b>\$ (2,975,231)</b>	<b>\$ 1,682,359</b>	<b>\$ (2,147,042)</b>
<b>Other financing sources (uses)</b>										
Premium on bonds issued	39,095,000	-	-	-	-	-	-	-	-	-
Proceeds from capital lease agreements	4,247,224	-	-	-	-	-	1,043,214	-	212,895	-
Payment to bond escrow agent	-	-	-	-	-	(1,171,447)	(2,523,121)	-	-	-
Issuance of long-term debt	-	-	-	2,035,000	-	3,115,556	2,529,250	-	-	-
Sale of general capital assets	150,796	-	-	-	-	-	-	-	-	-
Insurance recoveries	20,957	-	-	-	-	-	-	-	-	-
Transfers in	6,401,665	2,747,343	2,046,718	4,407,180	3,342,890	2,953,072	1,872,026	4,326,627	4,115,152	1,704,272
Transfers out	(6,600,330)	(2,744,821)	(2,044,246)	(4,404,599)	(3,640,043)	(3,250,130)	(1,868,996)	(4,323,508)	(4,111,974)	(2,001,953)
<b>Total other financing sources (uses)</b>	<b>43,315,312</b>	<b>2,522</b>	<b>2,472</b>	<b>2,037,581</b>	<b>(297,153)</b>	<b>1,647,051</b>	<b>1,052,373</b>	<b>3,119</b>	<b>216,073</b>	<b>(297,681)</b>
<b>Net change in fund balances</b>	<b>\$ 22,494,019</b>	<b>\$ 13,338,133</b>	<b>\$ 213,883</b>	<b>\$ 2,515,993</b>	<b>\$ 1,274,074</b>	<b>\$ 4,236,435</b>	<b>\$ (1,346,830)</b>	<b>\$ (2,972,112)</b>	<b>\$ 1,898,432</b>	<b>\$ (2,444,723)</b>
<b>Debt service as a percentage of noncapital expenditures</b>	<b>1.93%</b>	<b>3.06%</b>	<b>3.40%</b>	<b>3.16%</b>	<b>3.66%</b>	<b>3.32%</b>	<b>3.00%</b>	<b>3.17%</b>	<b>7.30%</b>	<b>3.76%</b>

Source: Town of Oro Valley Finance Department

**TOWN OF ORO VALLEY, ARIZONA**  
**PRINCIPAL SALES TAXPAYERS**  
**CURRENT FISCAL YEAR AND NINE YEARS PRIOR**

<i>June 30, 2022</i>					<i>June 30, 2013</i>				
<i>Taxpayer</i>	<i>Business Type</i>	<i>Sales Tax Payments</i>	<i>Rank</i>	<i>% of Total Sales Tax Payments</i>	<i>Taxpayer</i>	<i>Business Type</i>	<i>Sales Tax Payments</i>	<i>Rank</i>	<i>% of Total Sales Tax Payments</i>
Taxpayer A	Utility	\$ 2,252,777	1	7.37%	Taxpayer A	Utility	\$ 1,762,418	1	12.43%
Taxpayer B	Accomodation	1,941,343	2	6.35%	Taxpayer B	Retail	839,695	2	5.92%
Taxpayer C	Retail	1,632,760	3	5.34%	Taxpayer C	Retail	588,990	3	4.15%
Taxpayer D	Construction	1,395,256	4	4.56%	Taxpayer D	Utility	468,554	4	3.30%
Taxpayer E	Retail	1,328,463	5	4.34%	Taxpayer E	Construction	461,178	5	3.25%
Taxpayer F	Retail	1,300,998	6	4.25%	Taxpayer F	Utility	403,076	6	2.84%
Taxpayer G	Construction	745,423	7	2.44%	Taxpayer G	Retail	401,374	7	2.83%
Taxpayer H	Retail	727,439	8	2.38%	Taxpayer H	Retail	325,141	8	2.29%
Taxpayer I	Utility	663,060	9	2.17%	Taxpayer I	Accomodation	303,832	9	2.14%
Taxpayer J	Accomodation	630,687	10	2.06%	Taxpayer J	Construction	301,394	10	2.13%
		<u>\$ 12,618,206</u>		<u>41.26%</u>			<u>\$ 5,855,652</u>		<u>41.30%</u>

Source: Arizona Department of Revenue

**TOWN OF ORO VALLEY, ARIZONA**  
**TAXABLE SALES BY CATEGORY**  
**LAST TEN FISCAL YEARS (\$000's)**

	<i>Fiscal Year</i>									
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Construction	\$ 5,804	\$ 3,893	\$ 4,363	\$ 4,191	\$ 4,653	\$ 4,295	\$ 2,131	\$ 3,199	\$ 3,338	\$ 2,842
Manufacturing	639	283	198	173	140	137	156	141	257	258
Transportation, Warehousing, Communications & Utilities	3,771	3,593	3,288	3,335	3,384	3,171	3,133	3,068	2,959	2,785
Wholesale Trade	265	228	211	183	154	136	131	125	103	110
Retail Trade	12,058	10,890	9,830	8,430	7,733	7,086	6,844	5,808	5,243	5,153
Restaurants, Bars & Lodging	5,906	3,374	3,011	4,299	3,907	3,473	3,295	2,803	2,761	2,164
Finance, Insurance & Real Estate	383	313	442	1,114	646	562	443	270	75	335
Services	1,526	1,276	1,004	963	840	702	672	599	529	456
All Other	232	206	409	237	206	202	190	115	60	75
Cable Franchise	756	723	662	635	657	648	622	582	572	540
<b>Total</b>	<b>\$ 31,340</b>	<b>\$ 24,779</b>	<b>\$ 23,418</b>	<b>\$ 23,560</b>	<b>\$ 22,320</b>	<b>\$ 20,412</b>	<b>\$ 17,617</b>	<b>\$ 16,710</b>	<b>\$ 15,897</b>	<b>\$ 14,718</b>
Town Sales Tax Rate*	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.00%	2.00%	2.00%

Source: Arizona Department of Revenue

\* Note:  
.5% Additional Sales Tax Effective March 1, 2015

**TOWN OF ORO VALLEY, ARIZONA**  
**DIRECT AND OVERLAPPING SALES TAX RATES**  
**LAST TEN FISCAL YEARS**

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<i>Fiscal Year</i> <i>Ended</i> <i>June 30,</i>	<i>Town of Oro Valley</i>			<i>Pima County</i>	
	<i>Sales Tax</i>	<i>Bed Tax</i>	<i>Construction Sales Tax</i>	<i>Utility Sales Tax</i>	<i>Sales</i>
2013	2.00%	6.00%	4.00%	4.00%	6.10%
2014	2.00%	6.00%	4.00%	4.00%	6.10%
2015*	2.50%	6.00%	4.00%	4.00%	6.10%
2016	2.50%	6.00%	4.00%	4.00%	6.10%
2017	2.50%	6.00%	4.00%	4.00%	6.10%
2018	2.50%	6.00%	4.00%	4.00%	6.10%
2019	2.50%	6.00%	4.00%	4.00%	6.10%
2020	2.50%	6.00%	4.00%	4.00%	6.10%
2021	2.50%	6.00%	4.00%	4.00%	6.10%
2022	2.50%	6.00%	4.00%	4.00%	6.10%

Source: Arizona Department of Revenue

\* Note:  
.5% Additional Sales Tax Effective March 1, 2015

**TOWN OF ORO VALLEY, ARIZONA**  
**NET LIMITED & FULL CASH ASSESSED VALUE OF PROPERTY**  
**LAST TEN FISCAL YEARS**

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<i>Fiscal Year Ended June 30,</i>	<i>Net Limited Assessed Value</i>	<i>Net Full Cash Assessed Value</i>	<i>Estimated Full Cash Value</i>	<i>Total Outstanding General Obligation Bond Debt</i>
2013	589,160,533	592,761,968	5,461,131,133	-
2014	553,366,744	556,259,856	5,175,406,955	-
2015	556,566,167	560,863,509	5,252,917,489	-
2016	572,696,599	593,299,222	5,616,655,680	-
2017	593,580,247	616,216,705	5,688,443,027	-
2018	612,684,205	633,479,221	6,058,189,523	-
2019	645,311,769	683,985,966	6,456,152,108	-
2020	678,873,768	730,293,104	6,937,292,543	-
2021	758,352,130	813,753,982	7,742,926,046	-
2022	786,505,278	829,644,553	7,551,556,642	-

Source: State of Arizona Department of Revenue Abstract of the Assessment Roll

Note: On November 6, 2012, voters approved Proposition 117, an amendment to the Arizona Constitution. Beginning with Tax Year 2015 (Fiscal Year 2016), both primary and secondary taxes are levied against the net limited assessed value. The net full cash assessed value is used for determining the Town's bonding capacity and as the ceiling for net limited assessed value.

**TOWN OF ORO VALLEY, ARIZONA**  
**HISTORICAL AND PROJECTED EXCISE TAX COLLECTIONS**  
**JUNE 30, 2022**

<i>Revenue Source</i>	<i>Projected</i>		<i>Audited</i>							
	<i>Fiscal Year</i> <i>2024</i>	<i>Fiscal Year</i> <i>2023</i>	<i>Fiscal Year</i> <i>2022</i>	<i>Fiscal Year</i> <i>2021</i>	<i>Fiscal Year</i> <i>2020</i>	<i>Fiscal Year</i> <i>2019</i>	<i>Fiscal Year</i> <i>2018</i>	<i>Fiscal Year</i> <i>2017</i>	<i>Fiscal Year</i> <i>2016</i>	<i>Fiscal Year</i> <i>2015</i>
Town Sales Tax	\$ 25,815,131	\$ 24,505,959	\$ 27,048,414	\$ 21,109,373	\$ 20,172,487	\$ 20,454,936	\$ 19,333,457	\$ 17,568,254	\$ 14,967,714	\$ 15,625,449
Franchise Fees	775,000	765,000	756,388	722,700	662,048	635,494	656,664	647,830	621,546	582,064
Licenses & Permits	2,302,814	2,248,824	2,418,918	3,362,933	2,400,899	2,387,832	2,679,690	2,313,504	1,915,992	1,605,937
Fines	130,687	125,000	132,636	135,547	111,611	165,669	131,393	131,637	159,154	148,050
State-shared Sales Tax	5,941,790	5,780,575	6,637,079	5,462,343	4,694,491	4,469,774	4,210,168	3,989,179	3,887,673	3,747,944
State-shared Income Tax	6,494,255	9,084,919	6,174,401	6,580,331	5,870,231	5,370,779	5,422,693	5,329,864	4,937,719	4,964,635
<i>Subtotal</i>	<u>\$ 41,459,677</u>	<u>\$ 42,510,277</u>	<u>\$ 43,167,836</u>	<u>\$ 37,373,227</u>	<u>\$ 33,911,767</u>	<u>\$ 33,484,484</u>	<u>\$ 32,434,065</u>	<u>\$ 29,980,268</u>	<u>\$ 26,489,798</u>	<u>\$ 26,674,079</u>
Parks and Recreation Sales Tax	3,658,752	3,477,236	3,535,507	2,947,420	2,584,916	2,469,464	2,330,941	2,199,466	2,030,750	506,710
<b>Total</b>	<u>\$ 45,118,429</u>	<u>\$ 45,987,513</u>	<u>\$ 46,703,343</u>	<u>\$ 40,320,647</u>	<u>\$ 36,496,683</u>	<u>\$ 35,953,948</u>	<u>\$ 34,765,006</u>	<u>\$ 32,179,734</u>	<u>\$ 28,520,548</u>	<u>\$ 27,180,789</u>

(a) All revenue sources are presented on a modified accrual basis of accounting except for Town sales taxes which are presented on the cash basis of accounting per the Arizona Department of Revenue Standard Industry Summary Local Taxes Collection Reports

Source: Oro Valley Finance Department

Note: The above information is provided for bond requirements only and the bond does not require ten years of data.

**TOWN OF ORO VALLEY, ARIZONA**  
**RATIO OF OUTSTANDING DEBT BY TYPE**  
**LAST TEN FISCAL YEARS**

<i>Fiscal Year</i>	<i>Governmental Activities</i>				<i>Business-Type Activities</i>			<i>Total Primary Government</i>	<i>Percentage of Personal Income</i>	<i>Per Capita</i>
	<i>Leases</i>	<i>Note Payable</i>	<i>Excise Tax Bonds</i>	<i>Special Assessment Bonds</i>	<i>Revenue Bonds</i>	<i>Capital Leases</i>	<i>Loan Payable</i>			
2013	\$ -	\$ -	\$ 9,155,743	\$ 2,435,000	\$ 43,349,121	\$ 185,307	\$ 5,575,041	\$ 60,700,212	3.59%	1,409
2014	168,994	-	8,703,428	1,055,000	40,811,243	93,593	6,371,529	57,203,787	3.41%	1,366
2015	128,594	1,000,000	8,215,673	925,000	37,683,805	118,862	8,169,765	56,241,699	3.25%	1,331
2016	966,962	700,000	7,716,638	780,000	34,517,647	80,423	8,879,907	53,641,577	2.95%	1,231
2017	716,622	350,000	9,341,559	640,000	30,804,327	40,814	8,284,407	50,177,729	2.69%	1,146
2018	458,744	-	8,788,954	490,000	28,079,939	-	7,690,874	45,508,511	2.35%	1,022
2019	254,070	-	10,051,867	335,000	30,135,034	-	7,079,179	47,855,150	2.37%	1,059
2020	33,937	-	9,171,710	170,000	25,669,708	-	6,448,759	41,494,114	1.95%	901
2021	-	-	8,229,620	-	24,909,835	-	2,713,108	35,852,563	1.62%	762
2022	769,691	-	50,463,247	-	20,476,968	-	2,404,213	74,114,119	3.15%	1,537

Source: Town of Oro Valley Finance Department and U.S. Census Bureau

**TOWN OF ORO VALLEY, ARIZONA**  
**DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT**  
**JUNE 30, 2022**

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<i>Governmental Unit</i>	<i>Debt Outstanding</i>	<i>Estimated Percentage Applicable</i>	<i>Estimated Share of Overlapping Debt</i>
Pima County	\$ 95,961,000	7.60%	\$ 7,289,125
Amphitheater Unified School District	78,225,000	42.47%	33,220,254
Golder Ranch Fire District	58,779,858	69.95%	41,119,082
Subtotal, overlapping debt			81,628,460
Town of Oro Valley	51,232,938	100.00%	51,232,938
<i>Total estimated direct and overlapping debt</i>			<u>\$ 132,861,398</u>

Source: Pima County, Golder Ranch Fire District and Amphitheater Unified School District No. 10.

(1) Estimated percentage of debt outstanding applicable to the Town is calculated based on a portion of the Town's net limited assessed valuation as a percentage of the net limited assessed valuation of the overlapping jurisdiction.

**TOWN OF ORO VALLEY, ARIZONA**  
**LEGAL DEBT MARGIN INFORMATION**  
**LAST TEN FISCAL YEARS**

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<i>Debt Limit</i>	\$ 215,707,584	\$ 211,576,035	\$ 189,876,207	\$ 177,836,351	\$ 164,704,598
<i>Total net debt applicable to limit</i>	-	-	-	-	-
<i>Legal debt margin</i>	<u>\$ 215,707,584</u>	<u>\$ 211,576,035</u>	<u>\$ 189,876,207</u>	<u>\$ 177,836,351</u>	<u>\$ 164,704,598</u>
<i>Total net debt applicable to the limit as a percentage of debt limit</i>	0.00%	0.00%	0.00%	0.00%	0.00%

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
<i>Debt Limit</i>	\$ 160,216,343	\$ 154,257,798	\$ 145,824,512	\$ 144,627,563	\$ 154,118,112
<i>Total net debt applicable to limit</i>	-	-	-	-	-
<i>Legal debt margin</i>	<u>\$ 160,216,343</u>	<u>\$ 154,257,798</u>	<u>\$ 145,824,512</u>	<u>\$ 144,627,563</u>	<u>\$ 154,118,112</u>
<i>Total net debt applicable to the limit as a percentage of debt limit</i>	0.00%	0.00%	0.00%	0.00%	0.00%

Source: Town of Oro Valley Finance Department



**TOWN OF ORO VALLEY, ARIZONA**  
**PLEDGED-REVENUE COVERAGE**  
**LAST TEN FISCAL YEARS**

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**Water Utility Revenue Bonds**

Fiscal Year	Gross Revenues	Debt Service			Coverage
		Principal	Interest	Total	
2013	\$ 16,732,600	\$ 2,536,840	\$ 1,732,008	\$ 4,268,848	3.92
2014	19,397,409	2,406,000	1,429,538	3,835,538	5.06
2015	16,213,273	2,995,560	1,372,024	4,367,584	3.71
2016	16,943,615	3,054,080	1,239,488	4,293,568	3.95
2017	18,169,402	3,054,060	870,547	3,924,607	4.63
2018	19,455,685	2,607,710	897,871	3,505,581	5.55
2019	17,519,158	3,933,228	839,823	4,773,051	3.67
2020	20,218,758	4,348,648	775,538	5,124,186	3.95
2021	22,304,186	3,544,910	661,932	4,206,842	5.30
2022	19,515,935	4,051,414	527,252	4,578,666	4.26

**Governmental Revenue Bonds**

Fiscal Year	Gross Revenues	Debt Service			Coverage
		Principal	Interest	Total	
2013	\$ 28,135,868	\$ 321,910	\$ 371,951	\$ 693,861	40.55
2014	29,512,099	444,000	382,639	826,639	35.70
2015	31,739,256	479,440	367,991	847,431	37.45
2016	31,883,978	530,920	289,630	820,550	38.86
2017	31,739,256	334,940	281,475	616,415	51.49
2018	34,262,128	544,290	280,170	824,460	41.56
2019	36,414,803	763,772	284,213	1,047,985	34.75
2020	36,511,067	877,352	312,875	1,190,227	30.68
2021	37,951,105	942,090	273,354	1,215,444	31.22
2022	43,590,851	971,586	243,858	1,215,444	35.86

Source: Town of Oro Valley Finance Department

**TOWN OF ORO VALLEY, ARIZONA**  
**HISTORICAL AND PROJECTED WATER SYSTEM REVENUES, EXPENSES, DEBT SERVICE AND COVERAGE**  
**LAST TEN FISCAL YEARS**

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
<b>Revenues:</b>										
Water revenues	\$ 14,406,542	\$ 14,679,253	\$ 13,764,702	\$ 12,413,502	\$ 13,586,667	\$ 12,493,557	\$ 12,018,429	\$ 11,280,269	\$ 12,169,375	\$ 11,585,181
Water connection fees	-	-	810,689	621,106	816,045	816,353	544,852	591,045	1,413,047	706,159
Alternative water connection fees	1,167,086	4,100,556	1,627,435	1,246,838	1,638,175	1,638,792	1,094,460	1,172,170	2,376,682	1,253,055
Groundwater preservation fees	2,413,719	2,617,452	2,389,953	2,213,303	2,611,075	2,440,045	2,371,100	2,330,231	2,599,718	2,527,524
Other revenues	906,925	906,925	1,625,979	1,024,407	803,723	769,638	710,740	714,965	727,972	660,681
Interest income	(830,161)	(1,211)	887,772	758,457	-	11,020	203,857	124,593	110,615	-
<b>Total Revenues</b>	<b>18,064,111</b>	<b>22,302,975</b>	<b>21,106,530</b>	<b>18,277,613</b>	<b>19,455,685</b>	<b>18,169,405</b>	<b>16,943,438</b>	<b>16,213,273</b>	<b>19,397,409</b>	<b>16,732,600</b>
<b>Expenses:</b>										
Personnel	3,233,737	3,480,942	3,392,481	3,236,682	3,155,109	3,021,915	2,952,249	2,767,143	2,659,895	2,537,150
Operations & maintenance	5,802,211	4,133,238	4,288,975	3,445,511	3,838,409	4,719,579	5,059,998	4,530,436	4,303,230	4,564,894
CAP water costs	2,355,502	3,736,489	3,696,131	3,393,317	3,523,052	2,892,392	1,952,117	1,570,793	1,499,594	1,093,105
<b>Total Expenses</b>	<b>11,391,451</b>	<b>11,350,669</b>	<b>11,377,587</b>	<b>10,075,510</b>	<b>10,516,570</b>	<b>10,633,886</b>	<b>9,964,364</b>	<b>8,868,372</b>	<b>8,462,719</b>	<b>8,195,149</b>
<b>Net water system revenues</b>	<b>6,672,660</b>	<b>10,952,306</b>	<b>9,728,943</b>	<b>8,202,103</b>	<b>8,939,115</b>	<b>7,535,519</b>	<b>6,979,074</b>	<b>7,344,901</b>	<b>10,934,690</b>	<b>8,537,451</b>
<b>Water supported debt service</b>										
2007 WIFA Loan	-	2,198,236	306,657	310,866	311,000	311,130	311,256	311,377	311,494	316,763
2009 WIFA Loan	-	1,310,973	147,425	149,175	149,226	149,275	149,322	149,367	150,471	186,817
2014 WIFA Loan	372,565	372,867	373,072	377,060	377,158	395,534	361,059	296,972	-	-
2003 Revenue bonds	-	-	-	-	-	-	-	-	-	980,000
2003 Refunding revenue bonds	-	-	-	-	-	-	-	-	-	1,243,058
2005 Excise tax bonds	-	-	-	-	-	-	-	152,516	152,565	151,245
2007 Excise tax bonds	-	-	-	-	-	1,245,403	1,197,678	1,255,948	790,822	791,111
2012 Refunding bonds	1,820,750	4,168,782	1,930,382	1,996,381	1,963,731	1,980,781	1,995,481	1,971,082	1,968,281	956,975
2013 Refunding bonds	-	-	1,010,000	1,024,645	1,024,073	1,033,428	1,022,420	1,046,558	1,513,427	-
2015 Refunding revenue obligations	148,678	148,666	149,924	152,339	150,259	25,101	17,116	-	-	-
2017 Refunding revenue obligations	1,623,122	1,623,896	1,624,758	1,658,306	235,873	-	-	-	-	-
2018 Excise tax revenue obligations	509,580	510,498	409,122	-	-	-	-	-	-	-
2021 Refunding revenue bonds	432,538	18,838	-	-	-	-	-	-	-	-
2021 Refunding revenue bonds	24,778	11,081	-	-	-	-	-	-	-	-
<b>Total water supported debt service</b>	<b>\$ 4,932,011</b>	<b>\$ 10,363,837</b>	<b>\$ 5,951,340</b>	<b>\$ 5,668,772</b>	<b>\$ 4,211,320</b>	<b>\$ 5,140,652</b>	<b>\$ 5,054,332</b>	<b>\$ 5,183,820</b>	<b>\$ 4,887,060</b>	<b>\$ 4,625,969</b>
<b>Debt service coverage</b>	<b>1.35</b>	<b>1.63</b>	<b>1.45</b>	<b>2.12</b>	<b>1.47</b>	<b>1.38</b>	<b>1.42</b>	<b>2.24</b>	<b>1.85</b>	<b>1.75</b>

Source: Town of Oro Valley Finance Department

**TOWN OF ORO VALLEY, ARIZONA**  
**DEMOGRAPHIC AND ECONOMIC STATISTICS**  
**LAST TEN FISCAL YEARS**

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<i>Fiscal Year Ended June 30,</i>	<i>Population</i>	<i>Personal Income</i>	<i>Per Capita Personal Income</i>	<i>Unemployment Rate</i>
2013	43,070	1,692,780,210	39,303	6.4%
2014	41,887	1,679,965,408	40,107	6.2%
2015	42,259	1,728,773,431	40,909	5.2%
2016	43,565	1,817,844,597	41,727	5.3%
2017	43,781	1,863,394,821	42,562	4.6%
2018	44,517	1,932,614,654	43,413	4.8%
2019	45,184	2,014,980,480	44,595	4.9%
2020	46,044	2,128,752,252	46,233	8.6%
2021	47,070	2,213,843,310	47,033	5.5%
2022	48,222	2,349,424,062	48,721	3.4%

Source: US Census Bureau, Arizona Commerce Authority, Arizona Employment statistics, and Pima Association of Governments

**TOWN OF ORO VALLEY, ARIZONA**

**PRINCIPAL EMPLOYERS**

*CURRENT FISCAL YEAR AND FISCAL YEAR NINE YEARS PRIOR*

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<i>June 30, 2022</i>			<i>June 30, 2013</i>		
<i>Employer</i>	<i>Employees</i>	<i>Rank</i>	<i>Employer</i>	<i>Employees</i>	<i>Rank</i>
Roche Tissue Diagnostics	1,800	1	Ventana Medical Systems	1,500	1
Amphitheater Public Schools	584	2	Oro Valley Hospital	616	2
Simpleview	450	3	Hilton El Conquistador Resort	460	3
Town of Oro Valley	442	4	Amphitheater Public Schools	424	4
Oro Valley Hospital	421	5	Town of Oro Valley	321	5
El Conquistador Tucson	270	6	Wal-Mart Supercenter	249	6
Fry's Food & Drug Store	270	7	Fry's Food & Drug	246	7
Walmart	194	8	Splendido at Rancho Vistoso	176	8
Splendido at Rancho Vistoso	190	9	Kohls	125	9
Casa de la Luz Hospice	160	10	Target	120	10
	<u>4,781</u>		<i>Total</i>	<u>4,237</u>	

Source: Town of Oro Valley Finance Department

**TOWN OF ORO VALLEY, ARIZONA**  
**FULL-TIME EQUIVALENT EMPLOYEES BY FUNCTION**  
**LAST TEN FISCAL YEARS**

<i>Function/Program</i>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
<i>Administration</i>										
Town Clerk	4.73	4.73	4.73	4.73	4.69	4.54	4.56	4.56	4.90	4.54
Town Manager	8.38	8.38	10.38	10.38	7.38	7.38	7.38	8.00	7.00	7.00
Human Resources	4.00	4.00	4.00	4.00	3.48	3.48	3.50	3.50	2.00	5.00
Economic Development	1.00	1.00	1.00	1.00	3.00	3.00	3.00	2.00	2.00	3.00
Finance	8.20	7.20	8.00	8.00	7.00	7.00	7.00	7.00	7.00	7.00
Information Systems	15.80	13.80	9.00	9.00	8.00	7.00	7.00	7.00	7.30	6.50
Legal	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00
<i>Development &amp; Infrastructure Services</i>	26.78	26.78	27.38	27.38	26.88	103.63	83.76	81.45	78.84	77.22
<i>Parks &amp; Recreation</i>	63.06	63.10	63.10	63.10	60.78	48.02	49.36	36.20	37.61	27.26
<i>Cultural Resources</i>	-	-	-	-	-	-	0.20	-	-	1.35
<i>Police</i>										
Civilians	30.73	30.25	31.25	31.25	30.25	31.25	30.25	30.25	25.93	30.25
Officers	104.00	106.88	106.88	101.88	104.88	101.88	102.88	102.88	101.91	101.44
<i>Town Court</i>	8.50	8.48	8.48	8.00	8.00	8.00	8.00	8.00	8.70	8.00
<i>Public Works</i>	71.37	70.89	70.29	70.29	65.79	-	-	-	-	-
<i>Water Utility</i>	40.48	40.48	39.48	39.48	39.48	39.48	38.48	37.48	37.00	36.00
<b>Total</b>	<u>393.03</u>	<u>391.97</u>	<u>389.97</u>	<u>384.49</u>	<u>375.61</u>	<u>370.66</u>	<u>351.37</u>	<u>334.32</u>	<u>326.19</u>	<u>320.56</u>

Source: Town of Oro Valley Finance Department

**TOWN OF ORO VALLEY, ARIZONA**  
**WATER UTILITY REVENUES BY USER TYPE**  
**LAST TEN FISCAL YEARS**

<i>Fiscal Year</i> <i>Ended</i> <i>June 30,</i>	<i>Residential</i>	<i>Commercial</i>	<i>Irrigation</i>	<i>Irrigation Reclaimed</i>	<i>Construction</i>	<i>Construction Reclaimed</i>	<i>Turf</i>	<i>Turf Reclaimed</i>	<i>Total</i>
2013	\$ 7,752,934	\$ 962,824	\$ 1,040,793	\$ 19,000	\$ 196,354	\$ 884	\$ 135,720	\$ 1,507,574	\$ 11,616,083
2014	7,881,436	886,712	1,169,067	187,622	283,632	816	121,108	1,638,981	12,169,374
2015	7,649,136	779,877	981,545	214,848	271,815	-	115,955	1,267,093	11,280,269
2016	8,103,644	778,915	1,129,741	50,479	310,609	-	114,427	1,530,107	12,017,922
2017	8,416,714	814,041	1,170,946	51,373	224,532	8,733	104,880	1,702,338	12,493,557
2018	8,990,121	860,124	1,371,555	61,504	520,324	13,735	103,126	1,666,178	13,586,667
2019	8,849,732	856,941	1,087,648	69,363	302,780	9,627	69,091	1,168,322	12,413,504
2020	9,798,411	925,233	1,193,423	65,007	345,149	8,787	85,600	1,343,092	13,764,702
2021	10,394,919	902,536	1,513,518	65,537	228,950	8,575	65,356	1,499,862	14,679,253
2022	10,287,598	974,823	1,322,881	66,053	378,582	8,682	100,890	1,267,033	14,406,542

Source: Town of Oro Valley Water Utility Department

**TOWN OF ORO VALLEY, ARIZONA**  
**OPERATING INDICATORS BY FUNCTION**  
**LAST TEN FISCAL YEARS**

<i>Function/Program</i>	<i>2022</i>	<i>2021</i>	<i>2020</i>	<i>2019</i>	<i>2018</i>	<i>2017</i>	<i>2016</i>	<i>2015</i>	<i>2014</i>	<i>2013</i>
<i>Police</i>										
Burglaries	49	41	42	50	77	71	85	77	75	105
Citations (traffic)	2,987	3,516	2,681	3,117	2,992	3,446	3,890	4,486	4,668	5,456
Investigations	977	1,164	932	963	915	818	824	832	765	681
Total arrests	1,385	1,438	1,251	1,488	1,786	1,458	1,598	1,721	1,679	1,564
Thefts	544	534	501	504	567	493	586	500	561	563
<i>Development &amp; Infrastructure Services</i>										
Street resurfacing (miles)	69	54	51	88	44	89	92	101	73	31
<i>Parks &amp; Recreation</i>										
Recreation programs held annually	97	45	105	96	73	55	52	38	30	35
Months of public pool operations	12	11	12	12	12	12	12	12	12	10
Parks maintenance man-hours worked	23,270	18,720	18,220	18,311	17,842	15,463	15,083	16,255	20,000	17,000
<i>Water</i>										
New connections	183	505	273	264	331	340	176	202	165	213
Total connections	21,149	20,966	20,461	20,188	19,924	19,588	19,355	19,179	18,977	18,812
<i>Transit</i>										
Total route miles	593,117	350,248	455,777	454,277	468,346	568,657	529,170	392,071	439,512	353,936
Passengers	56,001	28,686	39,902	47,847	49,474	51,131	45,202	39,102	39,196	32,442

Source: Town of Oro Valley Finance Department

**TOWN OF ORO VALLEY, ARIZONA**  
**WATER RATES**  
**LAST TEN FISCAL YEARS**

<i>Fiscal Year</i> <i>Ended</i> <i>June 30,</i>	<i>Potable Water</i>						<i>Reclaimed</i> <i>Water</i>
	<i>Base Rate</i> <i>Monthly</i>	<i>Tier 1</i> <i>Per 1,000</i>	<i>Tier 2</i> <i>Per 1,000</i>	<i>Tier 3</i> <i>Per 1,000</i>	<i>Tier 4</i> <i>Per 1,000</i>	<i>GPF</i> <i>Per 1,000</i>	<i>Base Rate</i> <i>Monthly</i>
2013	14.19	2.20	2.99	4.03	5.38	0.95	14.19
2014	14.19	2.23	3.01	4.07	5.49	0.95	14.19
2015	14.19	2.27	3.10	4.23	5.76	0.90	14.19
2016	14.19	2.32	3.19	4.40	6.05	0.90	14.19
2017	14.62	2.34	3.25	4.53	6.29	0.90	14.62
2018	16.45	2.34	3.25	4.53	6.29	0.90	14.62
2019	18.26	2.34	3.25	4.53	6.29	0.90	14.62
2020	18.26	2.34	3.25	4.53	6.29	0.90	14.62
2021	18.26	2.34	3.25	4.53	6.29	0.90	14.62
2022	18.99	2.40	3.35	4.80	6.70	0.90	14.62

Source: Town of Oro Valley Water Utility

Note: The rate for all reclaimed water is \$2.27 per 1,000 gallons.

**TOWN OF ORO VALLEY, ARIZONA**  
**CAPITAL ASSETS STATISTICS BY FUNCTION**  
**LAST TEN FISCAL YEARS**

<i>Function/Program</i>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
<i>Police</i>										
Stations	1	1	1	1	1	1	1	1	1	1
Substations	3	3	3	3	3	3	3	3	3	3
Patrol units	81	84	84	78	78	72	77	74	64	66
Other fleet	57	41	42	46	65	67	44	45	42	43
<i>Development &amp; Infrastructure Services</i>										
Streets (miles)	430	421	421	421	421	421	421	421	421	205
Streetlights	95	95	95	95	95	95	95	95	95	95
Traffic signals	22	22	22	22	22	19	19	19	19	19
<i>Parks &amp; Recreation</i>										
Acreage	449	449	449	449	449	448	448	448	457	436
Playgrounds	3	3	3	2	2	2	2	2	2	2
Baseball/softball diamonds	7	7	7	7	7	7	7	7	7	7
Community centers	1	1	1	1	1	1	1	1	-	-
Golf course holes	36	36	45	45	45	45	45	45	-	-
Tennis courts	31	31	32	32	32	32	32	32	1	1
Swimming pools	2	2	2	3	4	4	4	4	2	2
<i>Water</i>										
Number of Wells	18	18	18	19	20	20	20	20	18	22
Reservoir Storage Capacity	11	11	11	11	11	11	12	12	13	20
Number of Booster Stations	26	26	26	26	26	26	27	27	26	25
<i>Transit</i>										
Transit vans	6	6	7	7	7	4	4	7	9	5
Transit mini buses	24	23	21	21	21	22	22	19	17	12

Source: Town of Oro Valley Finance Department

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